

RAND WEST CITY LOCAL
MUNICIPALITY



2019/20

MEDIUM TERM REVENUE
AND EXPENDITURE
BUDGET

Table of Contents

PART 1 – ANNUAL BUDGET	1
1.1 MAYOR'S REPORT	6
1.2 COUNCIL RESOLUTIONS	7
1.3 EXECUTIVE SUMMARY	9
1.4 OPERATING REVENUE FRAMEWORK	11
1.5 OPERATING EXPENDITURE FRAMEWORK	28
1.6 CAPITAL EXPENDITURE	31
1.7 ANNUAL BUDGET TABLES	36
2 PART 2 – SUPPORTING DOCUMENTATION	62
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	62
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	63
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	68
2.4 OVERVIEW OF BUDGET RELATED-POLICIES	78
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	78
2.6 OVERVIEW OF BUDGET FUNDING	80
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	85
2.8 COUNCILLOR AND EMPLOYEE BENEFITS	87
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	92
2.10 ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS	100
2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	100
2.12 CAPITAL EXPENDITURE DETAILS	100
2.13 LEGISLATION COMPLIANCE STATUS	103
2.14 OTHER SUPPORTING DOCUMENTS	104
2.15 MUNICIPAL MANAGER'S QUALITY CERTIFICATE	120

List of Tables

Table 1 Consolidated Overview of the 2019/20 MTREF	
Table 2 Summary of revenue classified by main revenue source	
Table 3 Operating Transfers and Grant Receipts	
Table 4 Proposed tariff increases for the 2019/20 financial year	
Table 5 Comparison of proposed rates to be levied for the 2019/20 financial year	
Table 6 Proposed Water Tariffs	
Table 7 Comparison between current electricity charges and increases (Domestic)	
Table 8 Comparison between current sanitation charges and increases	
Table 9 Comparison between current waste removal fees and increases	
Table 10 MBRR Table SA14 – Household bills	
Table 11 Summary of operating expenditure by standard classification item	
Table 12 2018/19 Medium-term capital budget per functional classification	
Table 13 MBRR Table A1 - Budget Summary	
Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)	
Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	
Table 16 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)	
Table 17 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source	
Table 18 MBRR Table A6 - Budgeted Financial Position	

Table 19	MBRR Table A7 - Budgeted Cash Flow Statement
Table 20	MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation
Table 21	MBRR Table A9 - Asset Management
Table 22	MBRR Table A10 - Basic Service Delivery Measurement
Table 23	Strategic alignment between national, provincial, district and local priorities
Table 24	MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue
Table 25	MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure
Table 26	MBRR Table SA7 - Measurable performance objectives
Table 27	MBRR Table SA8 - Performance indicators and benchmarks
Table 28	Breakdown of the operating revenue over the medium-term
Table 29	MBRR SA10 – Funding compliance measurement
Table 30	MBRR SA19 - Expenditure on transfers and grant programmes
Table 31	MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds
Table 32	MBRR SA22 - Summary of councillor and staff benefits
Table 33	MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)
Table 34	MBRR SA24 – Summary of personnel numbers
Table 35	MBRR SA25 - Budgeted monthly revenue and expenditure.....
Table 36	MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)
Table 37	MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)
Table 38	MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)
Table 39	MBRR SA29 - Budgeted monthly capital expenditure (standard classification)
Table 40	MBRR SA30 - Budgeted monthly cash flow
Table 41	MBRR SA 34a - Capital expenditure on new assets by asset class
Table 42	MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class.....
Table 43	MBRR SA34c - Repairs and maintenance expenditure by asset class
Table 44	MBRR SA35 - Future financial implications of the capital budget.....
Table 45	MBRR SA36 - Detailed capital budget per municipal vote
Table 46	MBRR SA37 - Projects delayed from previous financial year.....
Table 47	MBRR Table SA1 - Supporting detail to budgeted financial performance.....
Table 48	MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)
Table 49	MBRR Table SA3 – Supporting detail to Statement of Financial Position
Table 50	MBRR Table SA9 – Social, economic and demographic statistics and assumptions.....
Table 51	MBRR SA32 – List of external mechanisms

List of Figures

Figure 1	Main sources of revenue for the 2019/20 financial year
Figure 2	Main operational expenditure categories for the 2018/20 financial year
Figure 3	Main operational expenditure categories for the 2019/20 financial year
Figure 4	Planning, budgeting and reporting cycle.....
Figure 5	Definition of performance information concepts
Figure 4	Breakdown of operating revenue over the 2019/20 MTREF

Abbreviations and Acronyms

AMR	Automated Meter Reading
B2B	Back to Basics Programme
BSC	Budget Steering Committee
CBD	Central Business District
CFO	Chief Financial Officer
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWS	Department of Water and Sanitation
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free Basic Services
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
ICT	Information and Communications Technology
IDP	Integrated Development Strategy
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
LED	Local Economic Development
LGSETA	Local Government Skills Education Training Authority
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTREF	Medium-Term Revenue and Expenditure Framework
NDP	National Development Plan
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
PBO	Public Benefit Organisations
PHC	Primary Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RWCLM	Rand West City Local Municipality
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan

SDGs	Sustainable Development Goals
SMMEs	Small Micro and Medium Enterprises
TG	Transformation Grant
TMR	Transformation Modernisation and Re-Industrialisation
WRDM	West Rand District Municipality

Part 1 – Annual Budget

1.1 Mayor's Report

This report will be delivered by the Executive Mayor in his budget speech to Council on 19 June 2019.

The 2019/20 MTREF submitted to Council for approval. Incidentally this budget process, in addition to the macro socio-economic and fiscal contexts framing the local government space and the country in general, also presented the municipality with significant challenges considering the major financial and institutional legacies. It is also required in the next financial year to firstly ensure that the municipality's revenue enhancement measures are aggressively rolled out especially in respect of the reduction of water and electricity distribution losses. Secondly, a wide-ranging cost containment strategy must be formulated and implemented to effectively manage the constant upward pressures on the municipality's expenditure budget.

Concerning the institutional legacies inherited by the municipality, it will be imperative that the financial implications of the new organisational structure of the RWCLM is prudently managed to ensure that employee related costs do not spiral out of control. In this regard, the proper costing of the new organisational structure, urgent finalisation of the placement and migration processes and the filling of critical vacancies must be carefully managed to ensure that the municipality's personnel expenditure levels remain within the benchmark set by the National Treasury (NT).

1.2 Council Resolutions

On **29 June 2019** the Council of Rand West City Local Municipality met in the Council Chambers of the municipality in Randfontein to consider the Medium Term Revenue and Expenditure Framework (annual budget) of the municipality for the financial year 2019/20. The Council approved and adopted the following resolutions:

1. That in terms of section 24 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), the annual budget of the municipality for the financial year 2019/20 and the multi-year appropriations as set out in the following tables as contained in the Budget Document are approved:
 - 1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) – Table 14 on page 37;
 - 1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) – Table 15 on page 40;
 - 1.3. Budgeted Financial Performance (revenue by source and expenditure by type) – Table 16 on page 42;
 - 1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source – Table 17 on page 44;
 - 1.5. Budgeted Financial Position – Table 18 on page 48;
 - 1.6. Budgeted Cash Flows – Table 19 on page 51;
 - 1.7. Cash backed reserves and accumulated surplus reconciliation – Table 20 on page 53; and
 - 1.8. Asset management – Table 21 on page 54.
2. That the Basic Service Delivery Measurement as set out in Table 20 on page 53 be noted.
3. That in terms of section 75A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the tariffs for property rates, electricity, the supply of water, sanitation services as well as refuse removal services as set out in the Municipal Tariff Book **Annexure “2”** be approved with effect from 1 July 2019.
4. That it be noted that the implementation of the proposed increase in electricity tariffs is subject to the approval of the National Electricity Regulator of South Africa (NERSA).
5. That in terms of section 75A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the tariffs for sundry services as set out in **Annexure “2”** be approved with effect from 1 July 2019.

6. That the following budget-related policies for the Rand West City Local Municipality be approved:
 - 6.1 Bad Debt Write Off policy (Annexure “3”)
 - 6.2 Borrowing Policy (**Annexure “4”**)
 - 6.3 Budget Policy (**Annexure “5”**)
 - 6.4 Capital Planning project policy (**Annexure “6”**)
 - 6.5 Cash and Investment Policy (**Annexure “7”**)
 - 6.6 Contract Management Policy (**Annexure “8”**)
 - 6.7 Credit Control and Debt Collection Policy (Annexure “9”)
 - 6.8 Fixed Asset Management Policy (**Annexure “10”**)
 - 6.9 Funding and Reserves Policy (**Annexure “11”**)
 - 6.10 Indigent Support Policy (**Annexure “12”**)
 - 6.11 Inventory Policy (**Annexure “13”**)
 - 6.12 Insurance Policy (**Annexure “14”**)
 - 6.13 Irregular, Unauthorised, Fruitless and Wasteful Expenditure Policy (**Annexure “15”**)
 - 6.14 Long Term Financial Planning Policy (**Annexure “16”**)
 - 6.15 Property Rates Policy (**Annexure “17”**)
 - 6.16 Supply Chain Management Policy (**Annexure “18”**)
 - 6.17 Tariff Policy (**Annexure “19”**)
 - 6.18 Unclaimed deposit policy (**annexure “20”**)
 - 6.19 Virement Policy (**Annexure “21”**)
7. That the Municipal Manager in terms of section 24(3) of the Municipal Finance Management Act, 2003 (Act 56 of 2003), submit the approved budget of the municipality to the National Treasury and the Gauteng Provincial Treasury.
8. That cognizance be taken that all indigent households who have been registered, verified and approved with a threshold of R4,000-00 and less be accorded assistance as follows:-
 - 6 kl free water
 - 50 kWh free electricity
 - Full subsidy for property rates
 - Full subsidy for sanitation
 - Full subsidy for refuse removal

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the recently established Rand West City Local Municipality (RWCLM) achieves fiscal consolidation and financial viability over the medium term and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's strategic and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority areas and programmes to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core items as part of the municipality's cost containment measures incorporated into the approved financial recovery plan.

The municipality has embarked on implementing a range of revenue enhancement measures to optimise the collection of levies and outstanding debt owed by consumers and ensure the systematic reduction in water and electricity distribution losses. Furthermore, the municipality will undertake various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 93 was used to guide the compilation of the 2019/20 MTREF. The CPI forecast for 2019/20 is estimated at 5.6% and 5.4% and 5.4% respectively for the two outer years. National Treasury (NT) urges municipalities to carefully consider the costs associated with service delivery while keeping in mind affordability and inflation when setting revenue raising measures. Furthermore, NT reminds municipalities that approving tariffs that are less than the cost associated with providing the services will negatively impact financial sustainability.

The main challenges experienced during the compilation of the 2019/20 MTREF can be summarised as follows:

- The ongoing challenges in the national and local economy in respect of low economic growth, unemployment, inequality and poverty;
- The post-merger issues impacting on institutional stability and financial viability of the newly established RWCLM;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and unfavourable cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable as this will impact negatively on the affordability capacity of consumers;
- Wage increases for municipal staff that continue to exceed consumer inflation, filling of critical vacancies, as well as the need to address the post-merger institutional transformation issues;
- Affordability of capital projects – as part of the 2019/20 MTREF budget preparation process the funding of the capital budget had to be constrained to intergovernmental grant allocations due to the current liquidity challenges experienced by the municipality;

The following budget principles and guidelines directly informed the compilation of the 2019/20 MTREF:

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should consider the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budgets and have been gazetted as required by the annual Division of Revenue Act;

In view of the afore-mentioned, the following table is a consolidated overview of the proposed 2019/20 Medium-Term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2019/20 MTREF

R thousand	Adjusted Budget 2018/19	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Total Operating Revenue	1 877 635	2 024 564	2 008 002	2 147 346
Total Operating Expenditure	(1 937 606)	(2 093 442)	(2 227 418)	(2 369 973)
Surplus/(Deficit) for the year	(59 971)	(68 878)	(219 416)	(222 626)
Total Capital Expenditure	236 466	397 843	259 380	274 119

Total operating revenue has been appropriated at R2, 024 billion and has grown by 8 per cent or R146, 9 million for the 2019/20 financial year when compared to the 2018/19 Adjustments Budget. For the two outer years, operational revenue is forecasted R2, 008 billion for 2020/21 financial year and then increase to R2, 147 million for 2021/22 financial year respectively.

Total operating expenditure for the 2019/20 financial year has been appropriated at R2, 093 billion and translates into a budgeted deficit of R68, 9 million. When compared to the 2018/19 Adjustments Budget, operating expenditure escalates by 13 per cent in the 2019/20 budget and by 6 per cent for each of the respective outer years of the annual MTREF respectively. The operating deficit for the two outer years increases to R219, 4 million and then to R222, 6 million respectively.

The annual capital budget for 2019/20 financial year will be R397, 8 million which is 68 per cent more when compared to the 2018/19 Adjustment Budget. The capital budget will be fully funded from capital grants over MTREF with an anticipated review of the capital funding mix to be undertaken during the preparation of the 2019/20 MTREF. This review of the funding sources will determine whether the municipality can create additional financing capacity for capital investments from borrowings and internally generated revenue over the next 3 to 5 years as part of the revenue enhancement plan.

1.4 Operating Revenue Framework

For Rand West City to continue improving the quality of services provided to its citizens

it needs to generate the required revenue. In these tough socio-economic times, strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with massive development backlogs and increasing levels of unemployment and poverty in our communities. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices must be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Anticipated growth in the municipal area and continued economic development;
- Efficient revenue management, which aims to ensure a 90 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services such as water, electricity, sanitation and refuse removal;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service.
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs; and
- The municipality's Indigent Policy and rendering of free basic services.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 2 Summary of revenue class Revenue verified by main revenue source

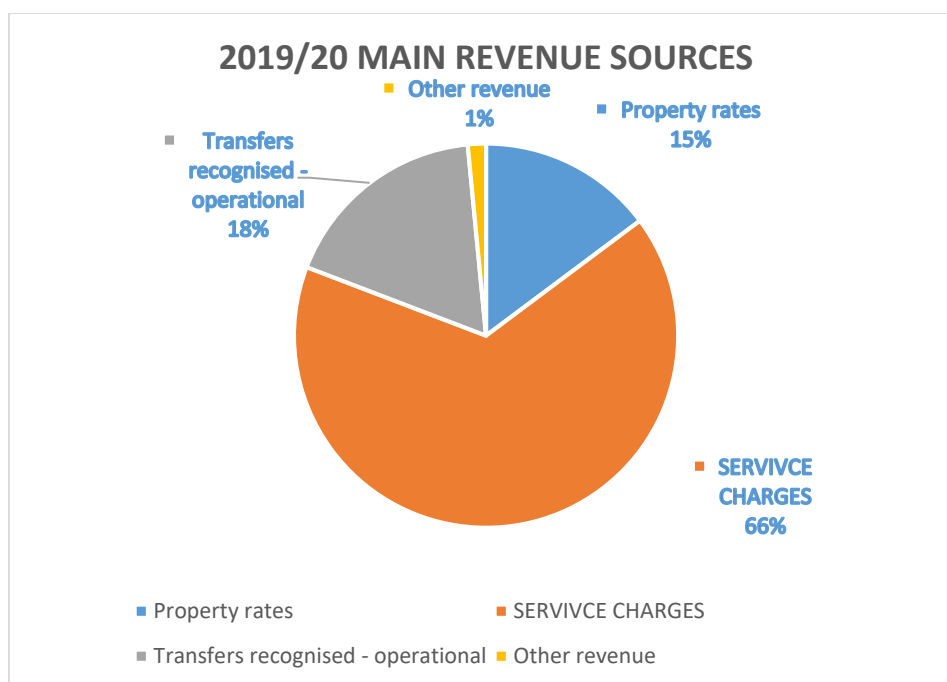
REVENUE BY MAIN SOURCES					
R' thousands	ORIGINAL BUDGET 2018/19	ADJUSTMENT BUDGET 2018/19	FINAL BUDGET 2019/20	BUDGET YEAR +1 2020/21	BUDGET YEAR +2 2020/22
Property Rates	234,508	224,396	288,520	306,984	326,632
Service Charges - Electricity Revenue	671,564	819,464	836,897	747,883	795,747
Service Charges - Water Revenue	321,344	304,651	331,351	352,505	375,009
Service Charges - Sanitation Revenue	55,973	53,851	55,273	58,810	62,574
Service Charges - Refuse Revenue	61,648	64,783	64,177	68,285	72,655
Rental of Facilities and Equipment	2,841	1,841	2,222	2,364	2,516
Interest Earned - External Investments	3,398	3,398	2,473	2,632	2,800
Interest Earned - Outstanding Debtors	26,077	26,077	37,886	40,311	42,891
Dividends Received	53	53	53	56	60
Fines	18,599	12,599	12,599	13,405	14,263
Licenses and Permits	91	91	106	113	120
Agency Services	30,181	30,181	18,599	19,790	21,056
Transfers Recognised - Operational	307,469	307,469	344,610	363,217	397,351
Other Revenue	34,641	28,780	29,797	31,647	33,673
Total revenue excluding capital transfers and contributions	1,768,388	1,877,635	2,024,564	2,008,002	2,147,346

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise R1, 576 billion or 78 per cent of the total revenue mix. This increases to R1, 534 billion for 2020/21 and R1, 633 billion for 2021/22 financial year of the MTREF respectively.

Figure 1 Main source of revenue for the 2019/20 Financial Year

PIE GRAPH



SERVICE CHARGES

Electricity is the largest source of revenue for the municipality, contributing R836, 8 million or 41 per cent of the total revenue in 2019/20 and goes down to R747, 9 million in 2020/21 and R795, 7 million in 2020/21 financial years. Revenue from water charges in the 2019/20 financial year is forecasted at R331, 4 million or 16 per cent of total revenue and increases to R352, 5 million in 2020/21 and R375 million in 2021/22 financial years.

Revenue from property rates is forecasted at 14 per cent or R288, 5 million and increases to R306, 9 million in 2020/21 and R326, 6 million in 2021/22 financial year. Revenue from sanitation is forecasted at R55, 273 million in 2019/20 financial year and increase to R58, 810 million and R62, 574 million in the two outer years. Revenue to be derived from refuse removal is forecasted at R64, 177 million in 2019/20, increases to R68, 285 million and R72, 655 million in the outer years.

Operating grants and transfers totals R344, 6 million in the 2019/20 financial year with a forecasted increase of R18, 6 million to R363, 2 million by 2020/21 and further increases to

R397, 3 million in 2021/22. The municipality's equitable share allocation is the largest operating grant to be received by the municipality over the medium term.

The figure below provides a breakdown of the 2019/20 operating transfers and grants.

Table 3 Operating Transfers and Grant Receipts

GT485 Rand West City - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
<u>Operating transfers and grants:</u>	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		–	189,191	250,111	284,685	284,685	284,685	314,692	339,517	371,921
Conditions met - transferred to revenue		–	189,191	250,111	284,685	284,685	284,685	314,692	339,517	371,921
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts			25,976	31,250	23,160	23,460	23,460	25,717	23,700	25,430
Conditions met - transferred to revenue		–	25,976	31,250	23,160	23,460	23,460	25,717	23,700	25,430
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts			2,296	2,228	2,296	2,296	2,296	2,351	–	–
Conditions met - transferred to revenue		–	2,296	2,228	2,296	2,296	2,296	2,351	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts			1,810	1,725	1,649	1,649	1,649	1,850	–	–
Conditions met - transferred to revenue		–	1,810	1,725	1,649	1,649	1,649	1,850	–	–
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		–	219,273	285,314	311,789	312,089	312,089	344,610	363,217	397,351
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
<u>Capital transfers and grants:</u>	1,3									
National Government:										
Balance unspent at beginning of the year										

Current year receipts		–	128,882	130,453	155,811	155,811	155,811	182,160	184,197	194,900
Conditions met - transferred to revenue		–	128,882	130,453	155,811	155,811	155,811	182,160	184,197	194,900
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		–	83,505	57,220	146,783	88,400	88,400	75,183	75,183	79,219
Conditions met - transferred to revenue		–	83,505	57,220	146,783	88,400	88,400	75,183	75,183	79,219
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		–	212,387	187,673	302,594	244,211	244,211	257,343	259,380	274,119
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		–	431,660	472,987	614,384	556,301	556,301	601,953	622,597	671,470
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	–	–	–	–	–	–

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised input costs, tariff structures in the two disestablished municipalities and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6.4 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase of Eskom is above inflation whilst the Rand Water bulk tariffs are fairly within the inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's trading services' tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the RWCLM has undertaken the tariff setting process relating to service charges as follows.

The table below highlights the proposed percentage increase in tariffs per main service category.

Table 4 Proposed tariff increase for the 2019/20 Financial year

Revenue category	2019/20 Average tariff increase
Electricity	13.07%
Water	7.9%
Sanitation	6.4%
Refuse	6.4%
Property rates	6.4%

The various tariff proposals are discussed per revenue stream below.

1.4.1 Property Rates

A municipality levies rates on all rate-able property in its area to fund the non-revenue generating services. The determination of tariffs takes into account the affordability as well as fairness of the rate ratios between categories of properties.

Property rates amount to R288, 5 million in the 2019/20 budget year and increases to R306, 9 million by 2020/21. In accordance with the Municipal Property Rates Act, 2004 (MPRA) and the RWCLM Property Rates Policy, the municipality has opted to differentiate between various categories of properties and property owners. Some categories of property and owners

may be granted relief, exemption, rebate or reduction in the payment of property rates in accordance with the approved policy.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2019/20 financial year based on an average 6,4 per cent increase from 1 July 2019 is contained below:

Table 5 Comparison of proposed rates to be levied for the 2019/20 financial year

1. PROPERTY RATES TAX

Detailed Category	Approved 2018/19	Exemption	Rebate	Proposed 2019/20
Agricultural property used for Farming	0.0034	0.00	Can Apply	0.0036
Commercial / Industrial	0.0319	0.00	0%	0.0339
Business	0.0319	0.00	0%	0.0339
Government / State owned	0.0319	0.00	0%	0.0339
Mining	0.0319	0.00	0%	0.0339
Multipurpose	0.0319	0.00	25%	0.0339
Public Service Infrastructure	0.0038	0.00	0%	0.0040
Public Open Space	0.0038	0.00	0%	0.0040
Parking	0.0134	0.00	0%	0.0143
Recreation	0.0335	0.00	25%	0.0356
Residential	0.0134	50 000	10%	0.0143
Sectional Title	0.0134	50 000	10%	0.0143
Vacant Stands	0.0638	0.00	0%	0.0679
Municipal Rateable	0.0134	50 000	10%	0.0143
Education	0.0335	0.00	0%	0.0356
Religious (Public worship)	0.0000	0.00	0%	0.0000
Private Open Space	0.0335	0.00	25%	0.0356
Institute	0.0335	0.00	0%	0.0356
Private Owned PSI	0.0388	0.00	25%	0.0413
Township Title Property's	0.0134	50 000	10%	0.0143
Servitudes	0.0134	50 000	10%	0.0143
Public Benefit Organization	0.0033	0.00	75%	0.0035

1.4.2 Sale of Water and Impact of Tariff Increases

National Treasury is encouraging all municipalities to carefully review the level and structure of the water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Rand Water has increased its bulk tariffs with 7.9 per cent from 1 July 2019, which increase significantly to the municipality's water input cost.

A 7.9 per cent tariff increase from 1 July 2019 for water has been approved. The proposed increase is based on input cost assumptions of 7.9 per cent increase in the cost of bulk water (Rand Water), the cost of other inputs increasing and a surplus generated on the water service. In addition 6 kℓ water per 30-day period will again be granted free of charge to all registered indigents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

Consumer type	Approved tariffs 2018/2019	Proposed tariffs 2019/20
Residential / Flats		
Basic Charge	35.92	38.76
0-6KL(Non Indigents)	15.62	16.85
7 to 10 kl	25.85	27.89
11 to 20 kl	28.80	31.08
21 to 30 kl	29.26	31.57
31KL AND MORE	31.46	33.95
Small Business		
Basic Charge	200.00	215.80
Business and Industries		
Basic Charge	596.90	644.06
0-100 kl	27.56	29.74
101 to 199 kl	26.38	28.46
200 and more	28.90	31.18
Schools, Churches and Welfare		
Up to 200 kl	23.34	25.18
Institution Bids		
Exceeding 200 kl	23.34	25.18
Mines bulk		
Bulk water	15.88	17.13

Supply of unmetered water		
Deemed Consumption 30 kl	229.75	247.90
Informal settlement kl	22.66	24.45
Vacant Stands		
Per residential stand per month	181.38	195.71
Per non-residential stand per month	256.96	277.26

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 15.6 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2019.

Considering the Eskom increases, the increase in the consumer tariff is also proposed at 13.07 per cent from 1 July 2019. Registered indigents will be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 7 : Comparison between current electricity charges and increase (Domestic)

2. ELECTRICITY TARIFFS

Domestic Tariffs

Domestic consumers with Conventional electricity meters (non-indigent households).

Tariffs blocks kwh	Approved tariffs (c/kWh) 2018/2019	Proposed tariffs (c/kWh) 2019/20
Block 1 (0 – 50) kWh	110.00	124.38
Block 2 (51 – 350) kWh	124.00	140.21
Block 3 (351 - 600) kWh	167.74	189.66
Block 4 (600) kWh	197.65	223.48
Basic Charge(R/Month)	58.76	66.44

Domestic consumers with **prepaid electricity** meters (**non-indigent households**).

Tariffs blocks kwh	Approved tariffs (c/kWh) 2018/2019	Proposed tariffs (c/kWh) 2019/20
Block 1 (0 – 50) kWh	110.00	124.38
Block 2 (51 – 350) kWh	120.81	136.60
Block 3 (351 - 600) kWh	165.45	187.07
Block 4 (600) kWh	195.12	220.62
Basic Charge(R/Month)	58.52	66.17

Domestic consumers with **prepaid electricity** meters (**Indigent households**)

Tariffs blocks kwh	Approved tariffs (c/kWh) 2018/2019	Proposed tariffs (c/kWh) 2019/20
Block 1 (0 – 50) kWh	94.00	106.29
Block 2 (51 – 350) kWh	119.00	134.55
Block 3 (351 - 600) kWh	167.74	189.66
Block 4 (600) kWh	197.65	223.48

Domestic consumers with **conventional electricity** meters (**Indigent households**)

Tariffs blocks kwh	Approved tariffs (c/kWh) 2018/2019	Proposed tariffs (c/kWh) 2019/20
Block 1 (0-50) kWh	94.00	106.29
Block 2 (51 – 350) kWh	119.00	134.55
Block 3 (351 - 600) kWh	167.74	189.66
Block 4 (600) kWh	197.65	223.48

Commercial Tariffs

Commercial Prepaid meter Tariffs	Approved tariffs (c/kWh) 2018/2019	Proposed tariffs (c/kWh) 2019/20
Energy charge : c/kWh	195.70	221.28
Basic Charge : c/kWh	165.60	187.24

Commercial Conventional meter Tariffs	Approved tariffs (c/kWh) 2018/2019	Proposed tariffs (c/kWh) 2019/20
Energy charge : c/kWh	163.34	184.69
Basic Charge : c/kWh	404.43	457.29

Time of Use above 70 kVA : Bulk TOU MV supply at Bulk substations	Approved tariffs (c/kWh) 2018/2019	Proposed tariffs (c/kWh) 2019/20
Basic / Fix charge : R/kVA	4,429.95	5,008.94
Demand Charge : R/kVA/months	117.30	132.63
Access Charge : R/kVA/months	93.84	106.10
Energy Charge : High Demand : Peak (c/kWh)	287.87	325.49
Energy Charge : High Demand : Standard (c/kWh)	94.60	106.96
Energy Charge : High Demand : Off-peak (c/kWh)	64.92	73.41
Energy Charge : Low Demand : Peak (c/kWh)	101.04	114.25
Energy Charge : Low Demand : Standard (c/kWh)	72.84	82.36
Energy Charge : Low Demand : Off-peak (c/kWh)	50.20	56.76
Reactive energy : c/kVArh	3.58	4.05

Bulk TOU MV Supply at MV Network	Approved tariffs (c/kWh) 2018/2019	Proposed tariffs (c/kWh) 2019/20
Basic / Fix charge : R/kVA	2,214.97	2,504.47
Demand Charge : R/kVA/months	123.18	139.28

Access Charge : R/kVA/months	98.54	111.42
Energy Charge : High Demand : Peak (c/kWh)	293.63	332.01
Energy Charge : High Demand : Standard (c/kWh)	96.49	109.10
Energy Charge : High Demand : Off-peak (c/kWh)	66.22	74.87
Energy Charge : Low Demand : Peak (c/kWh)	103.06	116.53
Energy Charge : Low Demand : Standard (c/kWh)	74.30	84.01
Energy Charge : Low Demand : Off-peak (c/kWh)	51.05	57.72
Reactive energy : c/kVArh	3.58	4.05

Bulk TOU LV Supply	Approved tariffs (c/kWh) 2018/2019	Proposed tariffs (c/kWh) 2019/20
Basic / Fix charge : R/kVA	1,107.49	1,252.24
Demand Charge : R/kVA/months	135.00	152.64
Access Charge : R/kVA/months	101.45	114.71
Energy Charge : High Demand : Peak (c/kWh)	308.32	348.62
Energy Charge : High Demand : Standard (c/kWh)	101.31	114.55
Energy Charge : High Demand : Off-peak (c/kWh)	69.53	78.62
Energy Charge : Low Demand : Peak (c/kWh)	108.22	122.36
Energy Charge : Low Demand : Standard (c/kWh)	78.01	88.21
Energy Charge : Low Demand : Off-peak (c/kWh)	53.63	60.64
Reactive energy : c/kVA	4.01	4.53
Energy charge : c/kWh	149.93	169.53

Street lighting tariff

Description	Approved tariffs (c/kWh) 2018/2019	Proposed tariffs (c/kWh) 2019/20
Energy charge : c/kWh	149.93	169.53

1.4.4 Sanitation and Impact of Tariff Increases

An average tariff increase of 6.4 per cent for sanitation from 1 July 2019 is proposed. This is based on the input cost assumptions and balancing the standardization of tariff structures across the municipal are. It should be noted Sanitation charges are currently calculated according to the size of the property as indicated in the table below. This methodology will be reviewed and the municipality will investigate the possibility of introducing sanitation charges calculated according to the percentage water discharged.

Free sanitation will be applicable to all registered indigents. The total revenue expected to be generated from rendering this service amounts to R55, 273 million for the 2019/20 Financial year

3. SANITATION TARIFF

Table 8 Comparison between current sanitation charges and increases

Residential	Approved tariffs 2018/2019	Proposed tariffs 2019/20
0 - 350	25.76	27.41
351 - 600	38.00	40.43
601 - 800	38.00	40.43
801 - 1000	38.00	40.43
1001 - 1200	49.42	52.58
1201 - 1400	49.42	52.58
over 1401	181.60	193.22
Sewer Basic Charge	25.76	27.41

Residential	Approved tariffs 2018/2019	Proposed tariffs 2019/20
Bulk water		
Over 150 kl	1.01	1.08
Additional Levy		
House/Flats	117.81	125.35
Business/ Industries / Hotels / Gov. per point	129.47	137.75
Bulk water per kl	4.89	5.20
Vacuum Tanker service		
Per KL	157.42	167.49
VIP Toilets and Buckets		
Per suction	60.00	63.84

Availability Charge vacant stands		
Residential	189.72	201.86
Non residential	264.00	280.90

1.4.5 Refuse Removal and Impact of Tariff Increases

An average 6.4 per cent increase in the waste removal tariff is proposed from 1 July 2019. The municipality should note that the waste department cost far exceed the revenue generated. The revenue generated by this service is not sufficient to cover the cost of the service incurred by the municipality. Ageing infrastructure and the cost of maintaining landfill site are very high, the other key challenge is the level of service the municipality provides to the communities. The municipality's service level standard is to collect refuse once every week from residential consumers and for certain business customers the service is extended to a more frequent basis.

The following table compares current and proposed amounts payable from 1 July 2019:

Table 9 Comparison between current waste removal fees and increase

Consumer type	Charge type (size of property)	Approved tariffs 2018/2019	Proposed tariffs 2019/20
Business Daily	Monthly	848.51	902.81
Business	per bin	319.20	339.63
Institutions	per bin	300.64	319.88
Residential/Flats	per bin	152.15	161.89
Old Age Homes	per bin	45.75	48.68
Industrial	per M3	115.47	122.86

1.4.6 Overall impact of tariff increase on households

The following table shows the overall expected impact of the tariff increases on a large and small household as well as an indigent household receiving free basic services.

Table 10 MBRR Table SA14:

GT485 Rand West City - Supporting Table SA14 Household bills

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent											
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
Rates and services charges:											
Property rates			334	357	380	380	380	6.4%	404	430	458
Electricity: Basic levy			50	55	58	58	58	13.07%	62	66	70
Electricity: Consumption			–	–	–	–	–		–	–	–
Water: Basic levy			89	32	36	36	36		36	38	41
Water: Consumption			180	175	120	120	120	7.9%	129	138	147
Sanitation			104	111	118	118	118	6.4%	126	134	142
Refuse removal			152	143	152	152	152	6.4%	162	172	183
Other			10	10	10	10	10	10.0%	10	10	10
sub-total		–	919.00	883	874	874	874	6.3%	929	988	1,050
VAT on Services			128.66	132.45	131.10	131.10	131.10		139.31	148.13	157.51
Total large household bill:		–	1,047.66	1,015	1,005	1,005	1,005	6.3%	1,068	1,136	1,208
% increase/-decrease			–	(3.1%)	(1.0%)	–	–		6.3%	6.3%	6.3%

Monthly Account for Household - 'Affordable Range' Rates and services charges: Property rates Electricity: Basic levy Electricity: Consumption Water: Basic levy Water: Consumption Sanitation Refuse removal Other sub-total VAT on Services Total small household bill: % increase/-decrease	2										
			483	500	513	513	513	6.4%	546	581	618
			50	55	57	57	57	9.4%	62	68	75
			–	–	–	–	–	–	–	–	–
			89	32	36	36	36	–	38	41	43
			1,871	2,489	3,105	3,105	3,105	7.9%	3,350	3,615	3,901
			104	104	118	118	118	6.4%	126	134	142
			152	143	152	152	152	6.4%	162	172	183
			10	10	10	11	10.64	10.0%	10	10	10
			–	2,759.00	3,333	3,991	3,992	3,992	7.6%	4,294	4,620
		386	467	559	559	559		644	693	746	
	–	3,145.26	3,800	4,550	4,550	4,550	8.5%	4,938	5,313	5,717	
	–		20.8%	19.7%	0.0%	–	8.5%		7.6%	7.6%	
			-	-0.05	-1.00	-1.00					
Monthly Account for Household - 'Indigent' Household receiving free basic services Rates and services charges: Property rates Electricity: Basic levy Electricity: Consumption Water: Basic levy Water: Consumption Sanitation Refuse removal Other sub-total VAT on Services Total small household bill: % increase/-decrease	3										
			197	210	223	223	223	6.4%	237	252	269
			50	55	57	57	57	9.4%	62	68	75
			–	–	–	–	–	–	–	–	–
			89	32	36	36	36	–	35	37	40
			200	252	283	283	283	7.9%	305	329	356
			104	104	118	118	118	6.4%	126	134	142
			152	143	152	152	152	6.4%	162	172	183
			10	10	10	10	10	10.0%	10	10	10
			–	802.00	806	879	879	879	7.6%	937	1,003
		112	113	123	123	123	–	141	150	161	
	–	914.28	919	1,002	1,002	1,002	8.5%	1,078	1,154	1,235	
	–		0.5%	9.1%	–	–	7.6%		7.0%	7.0%	

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high-level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification item:

OPERATING EXPENDITURE BY STANDARD CLASSIFICATION					
R THOUSAND '000	ORIGINAL BUDGET 2018/19	ADJUSTMENT BUDGET 2018/19	FINAL BUDGET 2019/20	BUDGET YEAR +1 2020/21	BUDGET YEAR +2 2020/22
Employee related costs	527,095	519,095	550,640	585,881	623,377
Remuneration of councillors	28,207	28,207	30,153	32,083	34,136
Debt impairment	79,672	115,672	121,918	129,721	138,023
Depreciation & asset impairment	178,508	178,508	231,732	246,563	262,343
Finance charges	8,431	28,431	42,423	45,138	48,027
Bulk purchases	694,221	730,221	849,043	903,381	961,198
Repairs & Maintenance	101,601	101,194	66,969	71,255	75,816
Contracted services	46,566	142,543	96,113	102,260	108,805
Transfers and grants	1,590	1,590	–	–	–
Other expenditure	102,428	9,278	104,451	111,136	118,249
TOTAL	1,768,318	1,854,739	2,093,442	2,227,418	2,369,973

The operating expenditure for 2019/20 is estimated at R2, 093 billion which will increase to R2, 227 billion in 2020/21. The increase relates mainly to the increase in bulk tariffs for water and electricity as well as expected increase in employee costs. The municipality also requires significant resources to fund infrastructure maintenance.

The employee related costs amount to R550, 640 million or 26 per cent of the total operating expenditure for the 2019/20 financial year. The employee costs were estimated using the current salary levels paid to the staff and are projected to increase to R585, 881 million in 2020/21. The basic salaries for staff budgeted for 6.3 per cent as per the SALBC Salary and Wage Collective Agreement. However, the fact that the organisational structure and job evaluation process are not completed this pose a significant risk that the budget for salaries might be understated.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The remuneration for councillors was estimated to increase by 7 per cent in the next financial year. The percentage increase was conservative based on the recently approved increase but this might change depending on the recommendation of the commission.

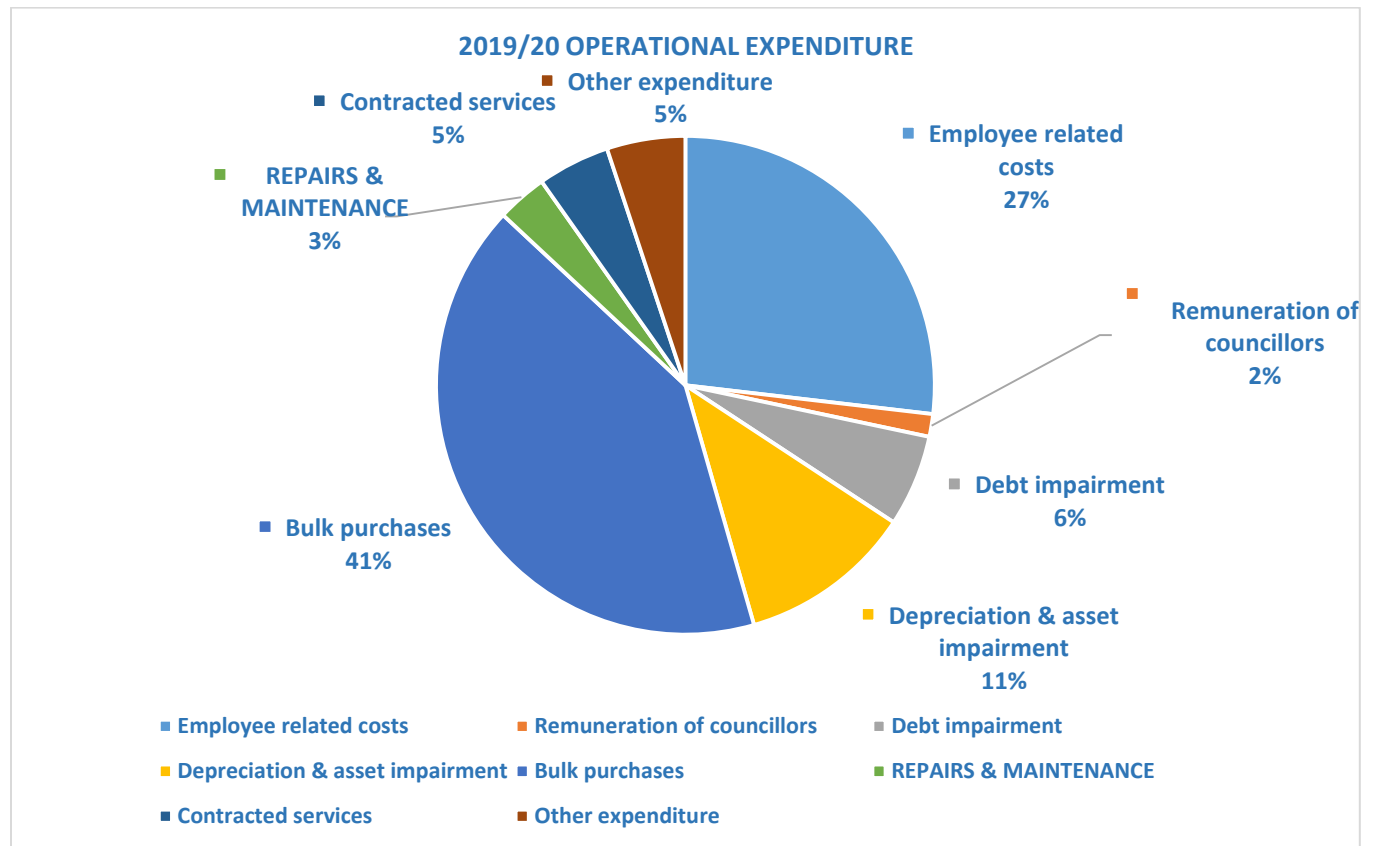
Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. Bulk purchase expenditure for water and electricity from Rand Water and Eskom respectively will amount to R849 million or 41 per cent of total operating expenditure in 2019/20. The expenditure is unavoidable and an extreme priority in terms of service delivery and is expected to increase to R903, 4 million or 41 per cent of total operating expenditure in 2020/21. The main concern remains the substantial loss of revenue suffered by the municipality due to technical and non-technical factors. Concerted efforts should be made to significantly reduce this distribution losses. The finance department is responsible to address the non-technical losses and efforts are made to address this challenge.

The depreciation and asset impairment expenditure amount to R231, 7 million in 2019/20 or 11 per cent of the total operating expenditure. This expenditure item is expected to increase to R246, 6 million or 11 per cent of the total operating expenditure budget in the 2020/21 financial year.

Contracted services has been identified as a cost saving area for the municipality. As part of the compilation of the Financial Recovery Plan this group of expenditures was critically evaluated and operational efficiencies were enforced. In the 2020/21 financial year, this group of expenditures will be further reviewed to cost efficiencies and the implementation of cost containment measures.

Other expenditure comprises of various line items relating to the daily operations of the Municipality. This group of expenditures has also been identified as an area in which cost savings and efficiencies can be achieved.

The following figure gives a breakdown of the main expenditure categories for the 2019/20 financial year.

Figure 3 Main operational expenditure categories for the 2019/20 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2019/20 budget and MTREF provide a total amount of R66, 9 million. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's approved Indigent Policy. Detail relating to free services, cost of free basis services, revenue foregone owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 60.

All registered indigents of the Rand West City Local Municipality will receive the following free basic services in the 2019/20 financial year: Full exemption on property rates; 50 kWh of electricity per 30-day period; 6 kℓ water per 30-day period; free sanitation and refuse removal services.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The capital expenditure over the 2019/20 medium term amounts to R394, 843 million, R259, 380 million in the 2020/21 and R274, 119 in 2021/22 financial year. The three-year capital budget will be funded mainly from government grants due to own revenue constraints as discussed above.

The following table provides a breakdown of budgeted capital expenditure by functional classification or vote:

Table 12 2019/20 Medium-term capital budget per functional classification

Vote Description	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional									
Governance and administration	–	2,396	100	100	100	100	72	–	–
Executive and council			100	100	100	100	–	–	–
Finance and administration	–						72	–	–
Internal audit	–	2,396					–	–	–
Community and public safety	29,198	31,770	24,257	18,265	18,265	18,265	3,000	8,800	18,800
Community and social services	11,391	31,770	3,000	3,000	3,000	3,000	1,800	1,800	1,800
Sport and recreation	14,250	–	13,257	14,265	14,265	14,265	1,200	7,000	17,000
Public safety									
Housing	3,556	–	8,000	1,000	1,000	1,000	–	–	–
Health			–	–	–	–			
Economic and environmental services	78,541	92,101	72,961	57,192	57,192	57,192	76,300	64,037	54,144
Planning and development	5,119								
Road transport	73,422	92,101	72,961	57,192	57,192	57,192	76,300	64,037	54,144
Environmental protection			–						
Trading services	122,957	107,435	222,376	155,737	155,737	155,737	314,771	186,543	201,175
Energy sources	32,242	35,297	75,000	64,383	64,383	64,383	169,400	24,200	29,256
Water management	81,719		140,002	89,981	89,981	89,981	78,762	84,733	90,309
Waste water management		72,139	7,374	1,374	1,374	1,374	66,610	77,610	81,610
Waste management	8,997	–	–	–	0	0			
Other	1,159	–	5,171	5,171	5,171	5,171	700	–	–
Total Capital Expenditure - Functional	231,855	233,703	324,866	236,466	236,466	236,466	394,843	259,380	274,119

The national capital grant funding for the 2019/20 budget year will amount to R394, 843 million and comprises of the Municipal Infrastructure Grant (MIG), Integrated National Electrification Programme (INEP), Energy Efficiency Demand Management (EEDM) and Municipal Water Infrastructure Grant (MWIG). Grants from the provincial government amount to R75, 183 million in 2019/20 and include the Human Settlements Development Grant (HSDG) and the Recapitalization of Community Libraries Grant.

The detailed capital budget of the municipality for the 2019/20 MTREF is provided in the table below.

Table 13 2019/20 MTREF – Budget Summary

GT485 Rand West City - Table A1 Budget Summary

Description R thousands	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Financial Performance</u>										
Property rates	–	165,070	198,611	234,508	224,396	224,396	224,396	288,520	306,984	326,632
Service charges	–	821,304	928,109	1,110,530	1,242,749	1,242,749	1,242,749	1,287,699	1,227,483	1,305,985
Investment revenue	–	7,873	5,048	3,398	3,398	3,398	3,398	2,473	2,632	2,800
Transfers recognised - operational	–	260,590	327,571	307,469	307,469	307,469	307,469	344,610	363,217	397,351
Other own revenue	–	82,989	102,493	112,483	99,622	99,622	99,622	101,262	107,686	114,578
Total Revenue (excluding capital transfers and contributions)	–	1,337,826	1,561,832	1,768,388	1,877,635	1,877,635	1,877,635	2,024,564	2,008,002	2,147,346
Employee costs	–	420,564	535,677	527,095	519,095	519,095	519,095	550,640	585,881	623,377
Remuneration of councillors	–	21,370	26,355	28,207	28,207	28,207	28,207	30,153	32,083	34,136
Depreciation & asset impairment	–	221,982	201,345	178,508	178,508	178,508	178,508	231,732	246,563	262,343
Finance charges	–	65,808	61,885	8,431	28,431	28,431	28,431	42,423	45,138	48,027
Materials and bulk purchases	–	557,022	683,954	795,822	831,415	831,415	831,415	849,043	903,381	961,198
Transfers and grants	–	1,500	1,590	1,590	1,590	1,590	1,590	–	–	–
Other expenditure	–	260,848	430,218	228,666	350,361	350,361	350,361	389,451	414,372	440,892
Total Expenditure	–	1,549,095	1,941,024	1,768,318	1,937,607	1,937,607	1,937,607	2,093,442	2,227,418	2,369,973
Surplus/(Deficit)	–	(211,268)	(379,192)	70	(59,972)	(59,972)	(59,972)	(68,878)	(219,416)	(222,626)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	236,367	189,749	305,594	247,194	247,194	247,194	257,343	259,380	274,119
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–

Surplus/(Deficit) after capital transfers & contributions	–	25,099	(189,443)	305,665	187,223	187,223	187,223	188,465	39,964	51,493
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	25,099	(189,443)	305,665	187,223	187,223	187,223	188,465	39,964	51,493
<u>Capital expenditure & funds sources</u>										
Capital expenditure	–	231,855	233,703	324,866	236,466	236,466	236,466	397,843	259,380	274,119
Transfers recognised - capital	–	230,113	164,082	315,594	227,194	227,194	227,194	257,343	259,380	274,119
Borrowing	–	–	69,621	–	–	–	–	136,800	–	–
Internally generated funds	–	1,742	–	9,271	9,271	9,271	9,271	3,700	–	–
Total sources of capital funds	–	231,855	233,703	324,866	236,466	236,466	236,466	397,843	259,380	274,119
<u>Financial position</u>										
Total current assets	–	344,764	250,822	484,977	394,977	394,977	394,977	471,600	484,747	528,282
Total non current assets	–	4,021,451	4,062,596	4,502,266	4,502,266	4,502,266	4,502,266	4,752,754	4,800,152	4,995,052
Total current liabilities	–	737,077	844,208	550,741	550,741	550,741	550,741	688,276	676,666	921,426
Total non current liabilities	–	289,555	319,070	378,619	378,619	378,619	378,619	539,650	565,433	456,065
Community wealth/Equity	–	3,339,583	3,150,140	4,057,884	3,967,884	3,967,884	3,967,884	3,996,429	4,042,800	4,145,842
<u>Cash flows</u>										
Net cash from (used) operating	–	287,615	163,225	387,616	387,616	387,616	244,429	334,053	402,620	281,747
Net cash from (used) investing	–	(226,617)	(234,089)	(310,233)	(310,233)	(310,233)	(162,327)	(352,843)	(211,500)	(223,175)
Net cash from (used) financing	–	(14,084)	(14,028)	(2,338)	(2,338)	(2,338)	(1,429)	86,862	(189,734)	(41,461)
Cash/cash equivalents at the year end	–	127,943	43,051	118,096	164,947	164,947	121,920	189,991	191,377	208,488
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	–	140,174	56,008	165,464	42,464	42,464	42,464	189,991	191,377	208,488
Application of cash and investments	–	429,790	509,236	125,744	118,051	118,051	198,375	189,391	185,461	190,277
Balance - surplus (shortfall)	–	(289,616)	(453,228)	39,721	(75,586)	(75,586)	(155,910)	600	5,916	18,212

<u>Asset management</u>										
Asset register summary (WDV)	–	3,936,196	4,221,592	4,496,020	4,427,620	4,427,620	4,427,620	4,781,163	5,005,043	5,241,662
Depreciation	–	196,080	172,624	178,508	178,508	178,508	178,508	231,732	246,563	262,343
Renewal and Upgrading of Existing Assets	–	48,515	47,181	47,390	36,168	36,168	36,168	70,910	66,110	79,110
Repairs and Maintenance	–	69,892	73,567	101,601	101,194	101,194	101,194	66,969	71,251	75,812
<u>Free services</u>										
Cost of Free Basic Services provided	–	5,294	25,874	27,829	27,829	27,829	31,012	31,012	33,049	35,221
Revenue cost of free services provided	–	45,918	41,111	43,742	43,742	43,742	43,742	43,742	46,542	49,520
<u>Households below minimum service level</u>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	1	1	1	1	1	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	16	16	16	16	16	11	11	11	11

1.7 Annual Budget Tables

The section present the ten main budget tables are required in terms of section 8 of the Municipal Budget and Reporting Regulations.

Table 14 MBRR Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional								
Governance and administration	426,829	568,731	408,145	572,920	572,920	446,621	474,002	505,839
Executive and council	38,315	–	31,247	31,247	31,247	12,113	12,889	13,713
Finance and administration	388,514	568,731	376,897	541,673	541,673	427,246	453,386	483,904
Internal audit	–	–	–	–	–	7,262	7,727	8,221
Community and public safety	40,162	17,194	41,125	47,375	47,375	56,680	55,208	58,224
Community and social services	6,954	104	20,040	4,505	4,505	26,563	25,664	26,790
Sport and recreation	18,083	2,152	993	1,093	1,093	1,134	1,206	1,284
Public safety	15,125	14,939	17,649	39,335	39,335	19,322	20,559	21,875
Housing	–	–	–	–	–	7,310	7,778	8,276
Health	–	–	2,443	2,443	2,443	2,351	–	–
Economic and environmental services	108,233	115,192	327,731	260,189	260,189	271,055	270,625	286,061
Planning and development	86,267	91,860	327,731	260,189	260,189	271,055	270,625	286,061
Road transport	21,966	23,332	–	–	–	–	–	–
Environmental protection	–	–	–	–	–	–	–	–
Trading services	998,970	1,029,875	1,266,127	1,244,345	1,244,345	1,507,551	1,467,548	1,571,342
Energy sources	643,271	626,196	747,601	820,615	820,615	942,603	863,349	925,097
Water management	254,843	311,911	355,946	305,096	305,096	343,445	365,753	389,519
Waste water management	45,810	37,849	77,246	53,851	53,851	154,895	167,574	181,319
Waste management	55,046	53,920	85,334	64,783	64,783	66,609	70,871	75,407
Other	–	20,589	30,855	–	–	–	–	–

Total Revenue - Functional	1,574,194	1,751,581	2,073,982	2,124,829	2,124,829	2,281,907	2,267,382	2,421,466
Expenditure - Functional								
Governance and administration	533,028	761,808	361,586	361,101	361,101	524,547	558,118	593,838
Executive and council	137,782	178,224	62,099	59,026	59,026	99,150	105,495	112,247
Finance and administration	395,246	464,755	295,438	167,997	167,997	418,136	444,896	473,370
Internal audit	–	118,829	4,048	134,078	134,078	7,262	7,727	8,221
Community and public safety	120,853	82,797	138,931	251,344	251,344	165,015	175,572	186,808
Community and social services	60,198	26,776	63,651	110,493	110,493	52,367	55,718	59,284
Sport and recreation	27,527	27,527	17,649	9,744	9,744	53,482	56,901	60,542
Public safety	32,202	27,567	46,564	130,598	130,598	47,207	50,228	53,442
Housing	–	–	–	–	–	2,932	3,119	3,319
Health	926	926	11,067	509	509	9,028	9,606	10,220
Economic and environmental services	106,546	138,813	168,441	145,231	145,231	115,970	123,392	131,289
Planning and development	53,204	56,945	29,406	33,893	33,893	26,343	28,029	29,822
Road transport	51,767	80,293	136,814	110,707	110,707	88,928	94,620	100,675
Environmental protection	1,575	1,575	2,221	631	631	699	744	791
Trading services	788,668	957,607	1,099,360	1,179,931	1,179,931	1,266,552	1,347,611	1,433,858
Energy sources	483,655	575,743	644,565	724,283	724,283	787,460	837,858	891,481
Water management	230,718	287,250	303,332	321,368	321,368	351,208	373,685	397,601
Waste water management	32,167	34,482	62,933	57,930	57,930	54,657	58,155	61,877
Waste management	42,128	60,131	88,530	76,350	76,350	73,226	77,912	82,899
Other	–	–	–	–	–	21,358	22,725	24,180
Total Expenditure - Functional	1,549,095	1,941,024	1,768,318	1,937,607	1,937,607	2,093,442	2,227,418	2,369,973
Surplus/(Deficit) for the year	25,099	(189,443)	305,665	187,223	187,223	188,465	39,964	51,493

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which:
 - i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2020/21, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Basic Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2020/21 the water backlog will have been very nearly eliminated.

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of those functional areas which enables the National Treasury to compile whole of government reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for all trading services. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenue and other revenues sources reflected under the Corporate Services.

Tables 15 MBRR Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

GT485 Rand West City - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - Municipal Management Office		–	–	–	–	–	–	–	–	–
Vote 2 - Infrastructure Services		–	1,067,609	1,072,919	1,191,567	1,154,369	1,154,369	1,702,844	1,660,766	1,775,041
Vote 3 - COMMUNITY SERVICES		–	122,987	132,309	155,223	150,518	150,518	115,819	118,131	125,174
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING		–	15,369	15,801	16,232	84,693	84,693	15,929	13,745	14,624
Vote 5 - GOVERNANCE & TRANSFORMATION SUPPORT SERVICES		–	–	–	–	–	–	16,098	17,115	18,305
Vote 6 - FINANCIAL MANAGEMENT SERVICES		–	323,180	491,549	690,090	707,127	448,369	386,202	409,194	435,519
Vote 7 - CORPORATE SUPPORT SERVICES		–	6,875	5,100	1,657	1,657	1,657	25,641	27,817	30,867
Vote 8 - CHIEF INFORMATION OFFICER		–	38,174	33,904	19,212	26,465	285,223	–	–	–

Vote 9 - INTERNAL AUDITING		-	-	-	-	-	-	7,262	7,727	8,221
Vote 10 - POLITICAL OFFICE & IGR		-	-	-	-	-	-	12,113	12,889	13,713
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	1,574,194	1,751,581	2,073,982	2,124,829	2,124,829	2,281,907	2,267,382	2,421,466
<u>Expenditure by Vote to be appropriated</u>	1									
Vote 1 - Municipal Management Office		-	8,833	9,371	7,458	2,999	2,999	8,622	9,174	9,761
Vote 2 - Infrastructure Services		-	971,142	1,362,765	1,103,962	1,209,761	1,209,961	1,285,086	1,367,332	1,454,841
Vote 3 - COMMUNITY SERVICES		-	202,310	238,750	261,308	278,630	278,630	293,672	312,463	332,460
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING		-	66,124	22,265	29,406	32,349	32,349	26,692	28,401	30,218
Vote 5 - GOVERNANCE & TRANSFORMATION SUPPORT SERVICES		-	12,673	14,071	14,691	16,787	16,787	16,098	17,128	18,224
Vote 6 - FINANCIAL MANAGEMENT SERVICES		-	100,803	105,961	154,673	170,529	179,738	200,513	213,346	227,000
Vote 7 - CORPORATE SUPPORT SERVICES		-	74,558	81,048	87,696	101,120	101,120	136,459	145,193	154,485
Vote 8 - CHIEF INFORMATION OFFICER		-	18,526	17,390	31,046	33,148	33,148	28,510	30,335	32,276
Vote 9 - INTERNAL AUDITING		-	3,411	3,935	4,048	3,854	3,854	7,262	7,727	8,221
Vote 10 - POLITICAL OFFICE & IGR		-	90,715	85,469	74,029	88,429	79,020	90,528	96,322	102,486
Total Expenditure by Vote	2	-	1,549,095	1,941,024	1,768,318	1,937,607	1,937,607	2,093,442	2,227,418	2,369,973
Surplus/(Deficit) for the year	2	-	25,099	(189,443)	305,665	187,223	187,223	188,465	39,964	51,493

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the City. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 16 MBRR Table A4 – Budgeted Financial Performance (revenue and expenditure)

GT485 Rand West City - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Revenue By Source											
Property rates	2	–	165,070	198,611	234,508	224,396	224,396	224,396	288,520	306,984	326,632
Service charges - electricity revenue	2	–	500,491	562,390	671,564	819,464	819,464	819,464	836,897	747,883	795,747
Service charges - water revenue	2	–	221,881	273,950	321,344	304,651	304,651	304,651	331,351	352,505	375,009
Service charges - sanitation revenue	2	–	45,810	37,849	55,973	53,851	53,851	53,851	55,273	58,810	62,574
Service charges - refuse revenue	2	–	53,122	53,920	61,648	64,783	64,783	64,783	64,177	68,285	72,655
Rental of facilities and equipment			1,051	656	2,841	1,841	1,841	1,841	2,222	2,364	2,516
Interest earned - external investments			7,873	5,048	3,398	3,398	3,398	3,398	2,473	2,632	2,800
Interest earned - outstanding debtors			12,624	25,658	26,077	26,077	26,077	26,077	37,886	40,311	42,891
Dividends received			–	–	53	53	53	53	53	56	60
Fines, penalties and forfeits			15,125	14,939	18,599	12,599	12,599	12,599	12,599	13,405	14,263
Licences and permits			–	–	91	91	91	91	106	113	120
Agency services			20,033	22,008	30,181	30,181	30,181	30,181	18,599	19,790	21,056
Transfers and subsidies			260,590	327,571	307,469	307,469	307,469	307,469	344,610	363,217	397,351
Other revenue	2	–	18,764	30,486	34,641	28,780	28,780	28,780	29,797	31,647	33,673
Gains on disposal of PPE			15,391	8,746							
Total Revenue (excluding capital transfers and contributions)		–	1,337,826	1,561,832	1,768,388	1,877,635	1,877,635	1,877,635	2,024,564	2,008,002	2,147,346

Expenditure By Type	-										
Employee related costs	2	-	420,564	535,677	527,095	519,095	519,095	519,095	550,640	585,881	623,377
Remuneration of councillors			21,370	26,355	28,207	28,207	28,207	28,207	30,153	32,083	34,136
Debt impairment	3		71,789	163,382	79,672	115,672	115,672	115,672	121,918	129,721	138,023
Depreciation & asset impairment	2	-	221,982	201,345	178,508	178,508	178,508	178,508	231,732	246,563	262,343
Finance charges			65,808	61,885	8,431	28,431	28,431	28,431	42,423	45,138	48,027
Bulk purchases	2	-	557,022	683,954	694,221	730,221	730,221	730,221	849,043	903,381	961,198
Other materials	8		-	-	101,601	101,194	101,194	101,194	-	-	-
Contracted services		-	41,417	53,249	46,566	142,543	142,543	142,543	163,082	173,516	184,621
Transfers and subsidies		-	1,500	1,590	1,590	1,590	1,590	1,590	-	-	-
Other expenditure	4, 5	-	147,643	213,586	102,428	92,146	92,146	92,146	104,451	111,136	118,249
Loss on disposal of PPE											
Total Expenditure		-	1,549,095	1,941,024	1,768,318	1,937,607	1,937,607	1,937,607	2,093,442	2,227,418	2,369,973
Surplus/(Deficit)		-	(211,268)	(379,192)	70	(59,972)	(59,972)	(59,972)	(68,878)	(219,416)	(222,626)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			236,367	189,749	305,594	247,194	247,194	247,194	257,343	259,380	274,119
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		-	25,099	(189,443)	305,665	187,223	187,223	187,223	188,465	39,964	51,493
Taxation											
Surplus/(Deficit) after taxation		-	25,099	(189,443)	305,665	187,223	187,223	187,223	188,465	39,964	51,493
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		-	25,099	(189,443)	305,665	187,223	187,223	187,223	188,465	39,964	51,493
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		-	25,099	(189,443)	305,665	187,223	187,223	187,223	188,465	39,964	51,493

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R2, 039 billion in 2019/20 and escalates to R2, 170 billion by 2020/21.
2. Revenue to be generated from property rates is R288, 5 million in the 2019/20 financial year and increases to R306.9 million by 2020/21 which represents 14 per cent of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at an average of 6,4 per cent over the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R1, 305 billion for the 2019/20 financial year and increasing to R1, 388 billion by 2020/21. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source is on average 18 per cent of total operating revenue.

Table 17 MBRR Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding source:

Vote Description	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 1 - Municipal Management Office	–	–	–	–	–	–	–	–
Vote 2 - Infrastructure Services	187,779	169,811	151,811	151,811	–	307,791	179,197	184,400
Vote 3 - COMMUNITY SERVICES	24,461	–	–	–	–	–	–	–
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING	–	–	68,383	68,383	–	73,383	73,383	77,419
Vote 5 - GOVERNANCE & TRANSFORMATION SUPPORT SERVICES	–	146,783	–	–	–	–	–	–
Capital multi-year expenditure sub-total	212,240	316,594	220,194	220,194	–	381,174	252,580	261,819

<u>Single-year expenditure to be appropriated</u>								
Vote 1 - Municipal Management Office	10,920	100	100	100	—	—	—	—
Vote 2 - Infrastructure Services	—	—	8,000	8,000	—	11,097	5,000	9,000
Vote 3 - COMMUNITY SERVICES	8,847	3,000	3,000	3,000	—	1,800	1,800	3,300
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING	1,697	—	—	—	—	—	—	—
Vote 5 - GOVERNANCE & TRANSFORMATION SUPPORT SERVICES	—	—	—	—	—	—	—	—
Vote 6 - FINANCIAL MANAGEMENT SERVICES	—	771	4,271	4,271	—	72	—	—
Vote 7 - CORPORATE SUPPORT SERVICES	—	3,500	—	—	—	3,000	—	—
Vote 8 - CHIEF INFORMATION OFFICER	—	900	900	900	—	700	—	—
Capital single-year expenditure sub-total	21,463	8,271	16,271	16,271	—	16,669	6,800	12,300
Total Capital Expenditure - Vote	233,703	324,866	236,466	236,466	—	397,843	259,380	274,119
<u>Capital Expenditure - Functional</u>								
Governance and administration	2,396	100	100	100	100	72	—	—
Executive and council		100	100	100	100	—	—	—
Finance and administration						72	—	—
Internal audit	2,396					—	—	—
Community and public safety	31,770	24,257	18,265	18,265	18,265	3,000	8,800	18,800
Community and social services	31,770	3,000	3,000	3,000	3,000	1,800	1,800	1,800
Sport and recreation	—	13,257	14,265	14,265	14,265	1,200	7,000	17,000
Public safety								

Housing	–	8,000	1,000	1,000	1,000	–	–	–
Health		–	–	–	–			
Economic and environmental services	92,101	72,961	57,192	57,192	57,192	76,300	64,037	54,144
Planning and development								
Road transport	92,101	72,961	57,192	57,192	57,192	76,300	64,037	54,144
Environmental protection		–						
Trading services	107,435	222,376	155,737	155,737	155,737	314,771	186,543	201,175
Energy sources	35,297	75,000	64,383	64,383	64,383	169,400	24,200	29,256
Water management		140,002	89,981	89,981	89,981	78,762	84,733	90,309
Waste water management	72,139	7,374	1,374	1,374	1,374	66,610	77,610	81,610
Waste management	–	–	–	0	0			
Other	–	5,171	5,171	5,171	5,171	3,700	–	–
Total Capital Expenditure - Functional	233,703	324,866	236,466	236,466	236,466	397,843	259,380	274,119
Funded by:								
National Government	164,082	155,811	155,811	155,811	155,811	182,160	184,197	194,900
Provincial Government	–	159,783	71,383	71,383	71,383	75,183	75,183	79,219
District Municipality	–							
Other transfers and grants	–	–						
Transfers recognised - capital	164,082	315,594	227,194	227,194	227,194	257,343	259,380	274,119

Borrowing	69,621					136,800	-	-
Internally generated funds	-	9,271	9,271	9,271	9,271	3,700	-	-
Total Capital Funding	233,703	324,866	236,466	236,466	236,466	397,843	259,380	274,119

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2019/20 R381 million has been allocated.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programs are funded from capital, provincial grants and transfer as well as internal funding. For 2019/20, capital transfers from national government totals R182, 1 million (71 per cent) escalates to R184, 2 million by 2020/21 (70 per cent). The capital budget will be fully funded from capital grants over MTREF with an anticipated review of the capital funding mix to be undertaken during the preparation of the 2019/20 MTREF. This review of the funding sources will determine whether the municipality can create additional financing capacity for capital investments from borrowings and internally generated revenue over the next 3 to 5 years as part of the financial recovery plan.

Table 18 MBRR Table A6 – Budgeted Financial Position:

GT485 Rand West City - Table A6 Budgeted Financial Position

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash			127,943	43,051	165,464	42,464	42,464	42,464	189,991	191,377	208,488
Call investment deposits	1	–	–	12,957	–	–	–	–	–	–	–
Consumer debtors	1	–	211,863	189,630	282,138	315,138	315,138	315,138	244,234	253,603	277,481
Other debtors			786	967	31,394	31,394	31,394	31,394	31,394	33,403	35,541
Current portion of long-term receivables			1,436	1,308	1,626	1,626	1,626	1,626	1,626	1,730	1,840
Inventory	2		2,736	2,909	4,355	4,355	4,355	4,355	4,355	4,634	4,930
Total current assets		–	344,764	250,822	484,977	394,977	394,977	394,977	471,600	484,747	528,282
Non current assets											
Long-term receivables			1,261	1,049	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Investments			12,231	–	–	–	–	–	–	–	–
Investment property			220,778	239,590	290,134	290,134	290,134	290,134	290,134	290,134	290,134
Investment in Associate											
Property, plant and equipment	3	–	3,773,916	3,808,587	4,198,500	4,198,500	4,198,500	4,198,500	4,448,988	4,496,385	4,691,285
Biological			629	615	705	705	705	705	705	705	705
Intangible			8,351	8,471	6,681	6,681	6,681	6,681	6,681	6,681	6,681
Other non-current assets			4,284	4,284	4,819	4,819	4,819	4,819	4,819	4,819	4,819
Total non current assets		–	4,021,451	4,062,596	4,502,266	4,502,266	4,502,266	4,502,266	4,752,754	4,800,152	4,995,052
TOTAL ASSETS		–	4,366,215	4,313,419	4,987,243	4,897,243	4,897,243	4,897,243	5,224,355	5,284,899	5,523,334

LIABILITIES											
Current liabilities	-										
Bank overdraft	1										
Borrowing	4	-	14,028	1,429	-	-	-	-	105,561	59,931	268,494
Consumer deposits			42,349	61,048	47,944	47,944	47,944	47,944	47,944	47,944	47,944
Trade and other payables	4	-	677,865	777,669	499,589	499,589	499,589	499,589	531,563	565,583	601,780
Provisions			2,834	4,062	3,208	3,208	3,208	3,208	3,208	3,208	3,208
Total current liabilities		-	737,077	844,208	550,741	550,741	550,741	550,741	688,276	676,666	921,426
Non current liabilities											
Borrowing		-	2,338	-	-	-	-	-	136,800	136,800	-
Provisions		-	287,217	319,070	378,619	378,619	378,619	378,619	402,850	428,633	456,065
Total non current liabilities		-	289,555	319,070	378,619	378,619	378,619	378,619	539,650	565,433	456,065
TOTAL LIABILITIES		-	1,026,632	1,163,279	929,359	929,359	929,359	929,359	1,227,926	1,242,098	1,377,491
NET ASSETS	5	-	3,339,583	3,150,140	4,057,884	3,967,884	3,967,884	3,967,884	3,996,429	4,042,800	4,145,842
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)			3,337,912	3,148,469	4,056,213	3,966,213	3,966,213	3,966,213	3,994,758	4,041,129	4,144,171
Reserves	4	-	1,671	1,671	1,671	1,671	1,671	1,671	1,671	1,671	1,671
TOTAL COMMUNITY WEALTH/EQUITY	5	-	3,339,583	3,150,140	4,057,884	3,967,884	3,967,884	3,967,884	3,996,429	4,042,800	4,145,842

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understanding for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is

Table 19 MBRR Table A7 – Budgeted Cash Flow Statement:

GT485 Rand West City - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates			157,070	188,953	211,058	211,058	211,058	134,923	253,898	270,147	287,436
Service charges			678,710	845,049	1,002,298	1,002,298	1,002,298	662,726	1,133,175	1,205,698	1,282,863
Other revenue			43,371	87,711	69,914	69,914	69,914	116,433	51,984	55,311	58,851
Government - operating	1		222,265	248,825	307,469	307,469	307,469	293,800	344,610	366,665	390,131
Government - capital	1		225,641	181,106	305,594	305,594	305,594	254,358	257,343	320,997	194,900
Interest			7,873	5,048	26,867	26,867	26,867	7,531	32,782	34,880	37,113
Dividends					53	53	53		53	56	60
Payments											
Suppliers and employees			(1,020,715)	(1,369,731)	(1,525,618)	(1,525,618)	(1,525,618)	(1,220,513)	(1,697,369)	(1,805,997)	(1,921,580)
Finance charges			(26,601)	(23,735)	(8,431)	(8,431)	(8,431)	(4,829)	(42,423)	(45,138)	(48,027)
Transfers and Grants	1				(1,590)	(1,590)	(1,590)		–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	287,615	163,225	387,616	387,616	387,616	244,429	334,053	402,620	281,747

CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									–	–	–
Decrease (Increase) in non-current debtors			694	340	785	785	785	785	45,000	47,880	50,944
Decrease (increase) other non-current receivables				(726)					–	–	–
Decrease (increase) in non-current investments			(568)		13,847	13,847	13,847	13,847	–	–	–
Payments											
Capital assets			(226,743)	(233,703)	(324,866)	(324,866)	(324,866)	(176,959)	(397,843)	(259,380)	(274,119)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(226,617)	(234,089)	(310,233)	(310,233)	(310,233)	(162,327)	(352,843)	(211,500)	(223,175)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing			(7,225)						136,800	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing			(6,859)	(14,028)	(2,338)	(2,338)	(2,338)	(1,429)	(49,938)	(189,734)	(41,461)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(14,084)	(14,028)	(2,338)	(2,338)	(2,338)	(1,429)	86,862	(189,734)	(41,461)
NET INCREASE/ (DECREASE) IN CASH HELD		–	46,914	(84,892)	75,045	75,045	75,045	80,673	68,072	1,386	17,111
Cash/cash equivalents at the year begin:	2		81,029	127,943	43,051	89,902	89,902	41,247	121,920	189,991	191,377
Cash/cash equivalents at the year end:	2	–	127,943	43,051	118,096	164,947	164,947	121,920	189,991	191,377	208,488

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals R190 million.

Table 20 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation:**GT485 Rand West City - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description R thousand	Re f	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	–	127,943	43,051	118,096	164,947	164,947	121,920	189,991	191,377	208,488
Other current investments > 90 days		–	–	12,957	47,368	(122,483)	(122,483)	(79,456)	–	–	–
Non current assets - Investments	1	–	12,231	–	–	–	–	–	–	–	–
Cash and investments available:		–	140,174	56,008	165,464	42,464	42,464	42,464	189,991	191,377	208,488
<u>Application of cash and investments</u>											
Unspent conditional transfers		–	45,885	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	–	383,905	509,236	124,073	116,380	116,380	198,375	189,391	185,461	190,277
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5				1,671	1,671	1,671				
Total Application of cash and investments:		–	429,790	509,236	125,744	118,051	118,051	198,375	189,391	185,461	190,277
Surplus(shortfall)		–	(289,616)	(453,228)	39,721	(75,586)	(75,586)	(155,910)	600	5,916	18,212

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 91 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 21: MBRR Table A9 – Asset Management.**GT485 Rand West City - Table A9 Asset Management**

Description	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand							
CAPITAL EXPENDITURE							
<u>Total New Assets</u>	186,522	277,475	200,298	200,298	326,934	193,271	195,010
<i>Roads Infrastructure</i>	25,760	46,902	42,363	42,363	37,000	40,537	31,644
<i>Storm water Infrastructure</i>	–	–	–	–	–	–	–
<i>Electrical Infrastructure</i>	22,344	73,000	47,383	47,383	164,400	19,200	23,256
<i>Water Supply Infrastructure</i>	106,748	145,002	104,981	104,981	78,762	84,733	90,309
<i>Sanitation Infrastructure</i>	–	–	–	–	40,000	40,000	40,000
<i>Solid Waste Infrastructure</i>	3,502	–	–	–	–	–	–
Infrastructure	158,354	264,904	194,727	194,727	320,162	184,471	185,210
Community Facilities	3,784	3,000	3,000	3,000	1,800	1,800	1,800
Sport and Recreation Facilities	11,769	–	–	–	1,200	7,000	8,000
Community Assets	15,552	3,000	3,000	3,000	3,000	8,800	9,800

Operational Buildings	10,253	771	771	771	-	-	-
Housing	1,697	8,000	1,000	1,000	-	-	-
Other Assets	11,950	8,771	1,771	1,771	-	-	-
Intangible Assets	-	-	-	-	-	-	-
Computer Equipment	666	700	700	700	772	-	-
Furniture and Office Equipment	-	100	100	100	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	3,000	-	-
Land	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	23,231	25,857	15,163	15,163	44,300	26,500	28,500
<i>Roads Infrastructure</i>	21,496	23,483	13,790	13,790	39,300	15,500	14,500
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	5,000	5,000	6,000
<i>Water Supply Infrastructure</i>	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>	249	2,374	1,374	1,374	-	6,000	8,000
Infrastructure	21,745	25,857	15,163	15,163	44,300	26,500	28,500
Community Facilities	1,486	-	-	-	-	-	-
Community Assets	1,486	-	-	-	-	-	-

<u>Total Upgrading of Existing Assets</u>	23,949	21,534	21,004	21,004	26,610	39,610	50,610
<i>Roads Infrastructure</i>	-	2,576	1,039	1,039	-	8,000	8,000

<i>Storm water Infrastructure</i>	1,497	–	–	–	–	–	–
<i>Electrical Infrastructure</i>	–	2,000	2,000	2,000	–	–	–
<i>Water Supply Infrastructure</i>	4,686	–	–	–	–	–	–
<i>Sanitation Infrastructure</i>	5,000	–	–	–	26,610	31,610	33,610
Infrastructure	11,183	4,576	3,039	3,039	26,610	39,610	41,610
Community Facilities	–	–	–	–	–	–	–
Sport and Recreation Facilities	12,766	13,257	14,265	14,265	–	–	9,000
Community Assets	12,766	13,257	14,265	14,265	–	–	9,000
Investment properties	–	–	–	–	–	–	–
Operational Buildings	–	3,500	3,500	3,500	–	–	–
Housing	–	–	–	–	–	–	–
Other Assets	–	3,500	3,500	3,500	–	–	–
Machinery and Equipment	–	200	200	200	–	–	–
<u>Total Capital Expenditure</u>	233,703	324,866	236,466	236,466	397,843	259,380	274,119
<i>Roads Infrastructure</i>	47,256	72,961	57,192	57,192	76,300	64,037	54,144
<i>Storm water Infrastructure</i>	1,497	–	–	–	–	–	–
<i>Electrical Infrastructure</i>	22,344	75,000	49,383	49,383	169,400	24,200	29,256
<i>Water Supply Infrastructure</i>	111,434	145,002	104,981	104,981	78,762	84,733	90,309
<i>Sanitation Infrastructure</i>	5,249	2,374	1,374	1,374	66,610	77,610	81,610
<i>Solid Waste Infrastructure</i>	3,502	–	–	–	–	–	–
Infrastructure	191,282	295,337	212,929	212,929	391,071	250,580	255,319
Community Facilities	5,270	3,000	3,000	3,000	1,800	1,800	1,800
Sport and Recreation Facilities	24,535	13,257	14,265	14,265	1,200	7,000	17,000

Community Assets	29,805	16,257	17,265	17,265	3,000	8,800	18,800
Operational Buildings	10,253	4,271	4,271	4,271	–	–	–
Housing	1,697	8,000	1,000	1,000	–	–	–
Other Assets	11,950	12,271	5,271	5,271	–	–	–
Intangible Assets	–	–	–	–	–	–	–
Computer Equipment	666	700	700	700	772	–	–
Furniture and Office Equipment	–	100	100	100	–	–	–
Machinery and Equipment	–	200	200	200	–	–	–
Transport Assets	–	–	–	–	3,000	–	–
Land	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	233,703	324,866	236,466	236,466	397,843	259,380	274,119
ASSET REGISTER SUMMARY - PPE (WDV)	4,221,592	4,496,020	4,427,620	4,427,620	4,781,163	5,005,043	5,241,662
<i>Roads Infrastructure</i>	783,142	841,926	826,543	826,543	863,543	904,081	935,725
<i>Storm water Infrastructure</i>	–	–	–	–	–	–	–
<i>Electrical Infrastructure</i>	934,813	1,015,813	1,006,196	1,006,196	1,170,596	1,189,796	1,213,052
<i>Water Supply Infrastructure</i>	436,303	591,305	555,905	555,905	634,667	719,400	809,710
<i>Sanitation Infrastructure</i>	186,663	191,663	191,663	191,663	258,272	329,882	403,491
<i>Solid Waste Infrastructure</i>	195,397	195,397	195,397	195,397	195,397	195,397	195,397
Infrastructure	2,536,317	2,836,104	2,775,704	2,775,704	3,122,475	3,338,555	3,557,374
Community Assets	1,122,989	805,356	805,356	805,356	807,556	814,556	831,556
Heritage Assets							
Investment properties							
Other Assets	338,620	356,620	348,620	348,620	351,620	351,620	351,620
Biological or Cultivated Assets	662						

Intangible Assets		37,841	37,841	37,841	37,841	37,841	37,841
Computer Equipment							
Furniture and Office Equipment	185,163	186,934	186,934	186,934	188,506	189,306	190,106
Machinery and Equipment							
Transport Assets							
Land	37,841	273,165	273,165	273,165	273,165	273,165	273,165
Zoo's, Marine and Non-biological Animals							
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	4,221,592	4,496,020	4,427,620	4,427,620	4,781,163	5,005,043	5,241,662
EXPENDITURE OTHER ITEMS	246,191	280,109	279,701	279,701	298,701	317,814	338,154
<u>Depreciation</u>	172,624	178,508	178,508	178,508	231,732	246,563	262,343
<u>Repairs and Maintenance by Asset Class</u>	73,567	101,601	101,194	101,194	66,969	71,251	75,812
<i>Roads Infrastructure</i>	7,099	30,563	49,589	49,589	20,439	21,747	23,139
<i>Storm water Infrastructure</i>	7,198	–	–	–	–	–	–
<i>Electrical Infrastructure</i>	20,486	20,486	14,050	14,050	28,922	30,773	32,743
<i>Water Supply Infrastructure</i>	9,785	9,785	8,086	8,086	2,173	2,312	2,460
<i>Sanitation Infrastructure</i>	2,500	2,956	2,368	2,368	3,053	3,249	3,457
<i>Solid Waste Infrastructure</i>	16,500	17,494	13,911	13,911	6,974	7,420	7,895
Infrastructure	63,567	81,283	88,005	88,005	61,561	65,501	69,693
Community Facilities	2,000	8,350	5,396	5,396	3,151	3,353	3,568
Sport and Recreation Facilities	1,000	1,023	812	812	1,013	1,074	1,143
Community Assets	3,000	9,373	6,208	6,208	4,165	4,427	4,710
Investment properties	–	–	–	–	–	–	–
Operational Buildings	2,000	2,629	2,207	2,207	525	559	595
Housing	–	–	–	–	–	–	–

Other Assets	2,000	2,629	2,207	2,207	525	559	595
Biological or Cultivated Assets	–	167	–	–	–	–	–
Computer Equipment	–	–	–	–	406	432	459
Furniture and Office Equipment	–	–	–	–	–	–	–
Machinery and Equipment	2,000	3,679	2,489	2,489	–	–	–
Transport Assets	3,000	4,469	2,284	2,284	312	332	354
TOTAL EXPENDITURE OTHER ITEMS	246,191	280,109	279,701	279,701	298,701	317,814	338,154
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	20.2%	14.6%	15.3%	15.3%	17.8%	25.5%	28.9%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	27.3%	26.5%	20.3%	20.3%	30.6%	26.8%	30.2%
<i>R&M as a % of PPE</i>	1.9%	2.4%	2.4%	2.4%	1.5%	1.6%	1.6%
<i>Renewal and upgrading and R&M as a % of PPE</i>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Explanatory notes to Table A9 – Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new classes and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality is not complying with both these recommendations.

Table 22 MBRR Table A10 – Basic Service Delivery Measurement:**GT485 Rand West City - Table A10 Basic service delivery measurement**

Description	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets							
<u>Water:</u>							
Piped water inside dwelling	41,108	41,108	41,108	41,108	72,368	72,368	72,368
Piped water inside yard (but not in dwelling)	9,127	9,127	9,127	9,127	9,127	9,127	9,127
Using public tap (at least min.service level)	16,883	16,883	16,883	16,883	10,883	10,883	10,883
Other water supply (at least min.service level)	35,670	35,670	35,670	35,670	15,670	15,670	15,670
<i>Minimum Service Level and Above sub-total</i>	102,788	102,788	102,788	102,788	108,048	108,048	108,048
Using public tap (< min.service level)	–	–	–	–	–	–	–
Other water supply (< min.service level)	–	–	–	–	–	–	–
No water supply	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–
Total number of households	102,788	102,788	102,788	102,788	108,048	108,048	108,048
<u>Sanitation/sewerage:</u>							
Flush toilet (connected to sewerage)	24,930	24,930	24,930	24,930	26,630	26,630	26,630
Flush toilet (with septic tank)	735	735	735	735	1,735	1,735	1,735
Chemical toilet	601	601	601	601	1,000	1,000	1,000
Pit toilet (ventilated)	1,000	1,000	1,000	1,000	1,500	1,500	1,500
Other toilet provisions (> min.service level)	100	100	100	100	200	200	200
<i>Minimum Service Level and Above sub-total</i>	27,366	27,366	27,366	27,366	31,065	31,065	31,065

Bucket toilet	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)	–	–	–	–	–	–	–
No toilet provisions	550	550	550	550	–	–	–
<i>Below Minimum Service Level sub-total</i>	550	550	550	550	–	–	–
Total number of households	27,916	27,916	27,916	27,916	31,065	31,065	31,065
<u>Energy:</u>							
Electricity (at least min.service level)	40,720	40,720	40,720	40,720	25,225	25,225	25,225
Electricity - prepaid (min.service level)	5,720	5,720	5,720	5,720	54,231	54,231	54,231
<i>Minimum Service Level and Above sub-total</i>	46,440	46,440	46,440	46,440	79,456	79,456	79,456
Electricity (< min.service level)	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–
Other energy sources	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–
Total number of households	46,440	46,440	46,440	46,440	79,456	79,456	79,456
<u>Refuse:</u>							
Removed at least once a week	41,235	41,235	41,235	41,235	48,937	48,937	48,937
<i>Minimum Service Level and Above sub-total</i>	41,235	41,235	41,235	41,235	48,937	48,937	48,937
Removed less frequently than once a week	547	547	547	547	600	600	600
Using communal refuse dump	2,865	2,865	2,865	2,865	1,000	1,000	1,000
Using own refuse dump	11,523	11,523	11,523	11,523	9,526	9,526	9,526
Other rubbish disposal	720	720	720	720	200	200	200
No rubbish disposal	124	124	124	124	–	–	–
<i>Below Minimum Service Level sub-total</i>	15,779	15,779	15,779	15,779	11,326	11,326	11,326
Total number of households	57,014	57,014	57,014	57,014	60,263	60,263	60,263

<u>Households receiving Free Basic Service</u>							
Water (6 kilolitres per household per month)	–	–	–	–	13,853	13,853	13,853
Sanitation (free minimum level service)	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)	–	–	–	–	13,853	13,853	13,853
Refuse (removed at least once a week)	–	–	–	–	13,583	13,583	13,583
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>							
Water (6 kilolitres per indigent household per month)	4,658	5,226	5,226	5,226	5,267	5,657	6,076
Sanitation (free sanitation service to indigent households)	–	–	–	–	2,677	2,848	3,030
Electricity/other energy (50kwh per indigent household per month)	6,474	6,916	6,916	6,916	7,382	7,854	8,357
Refuse (removed once a week for indigent households)	14,743	15,686	15,686	15,686	15,686	16,690	17,758
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>	–	–	–	–	–	–	–
Total cost of FBS provided	25,874	27,829	27,829	27,829	31,012	33,049	35,221
<u>Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA</u>							
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	41,111	43,742	43,742	43,742	43,742	46,542	49,520
Water (in excess of 6 kilolitres per indigent household per month)	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided	41,111	43,742	43,742	43,742	43,742	46,542	49,520

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year a time schedule that sets out the process to revise the IDP and prepare the budget.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth

revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2019/20 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 MTREF, each department/function had to review the

business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/20 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Community Consultation

The draft 2019/20 MTREF as tabled before Council on 27 March 2019 for community consultation was published on the municipality's website, and hard copies were made available at municipal offices, municipal notice boards and various libraries

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilized to facilitate the community consultation process during April and May 2019, and included several public briefing sessions. The applicable dates and venues were published in all the local newspapers and a good average attendance was recorded per meeting. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organized business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organizations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and were Relevant considered as part of the finalization of the 2019/20 MTREF. Feedback and responses to the submissions received are available on request.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilize integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

Cooperative governance means that three spheres of government should work together to provide citizens with a comprehensive package of services. The Constitution states that the three spheres of government have to assist and support each other, share information and coordinate their efforts. Implementation of policies and government programmes require close cooperation between spheres of government especially at executive level. RWCLM strategic objectives are informed by the Sustainable Development Goals (SDGs), National Development Plan (NDP), National Outcomes, Back to Basics (B2B) - Ten Point Plan approach as well as the Gauteng Transformation, Modernisation and Re-industrialisation (TMR) Objectives. All the above concerted efforts are depicted the strategies phase which forms the basis of this document.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2019/20 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

- Develop business excellence through a learning organisation
- To ensure provision of basic services to build sustainable and safe communities
- To accelerate an inclusive growing green economy
- To ensure financially viable and sustainable municipality
- clean and accountable government for sustainable local communities
- To promote integrated sustainable development planning for the future

The Municipality has through its strategic planning and public participation processes ensured that the Municipal Strategic Priorities were unpacked by developing Key Performance Areas (KPAs), Programmes, Objectives, Key Performance Indicators (KPIs) and Targets for each of the KPAs and programmes.

The said Objectives, Indicators and Targets have been aligned to the National Priority Outputs, WRDM District context and where possible and will form the basis for the development of the Municipality's Service Delivery and Budget Implementation Plan (SDBIP) and Annual Performance Plans of Senior Management for the 2018/19 financial year. The table below provides a high level Municipal alignment with its strategic goals and the National Priorities/ KPA and programmes.

Table 23 Strategic alignment between national, provincial, district and local priorities:

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic

objectives mentioned above

SDGs	NDP	National KPA	GCR	WRDM	RWCLM – Strategic goal
Peace, justice & strong institutions	Building Capable and Developmental State	KPA 1 Municipal Transformation and Organisational Development	Strengthening the developmental state and good Governance	5. Business excellence within the WRDM	Develop business excellence through a learning organisation
Industry innovation & infrastructure	Economic Infrastructure	KPA 2: Infrastructure Development and Service Delivery	Building cohesive and sustainable communities	1. Regional Planning and economic Development 2. Health and Social Development	To ensure the provision of basic services to build sustainable and safe communities
Decent work & economic growth	Economy and Employment	KPA 3 Local Economic Development (LED)	Creating decent work and building a growing economy Inclusive economy	1. Regional Planning and economic Development	To promote and accelerate an inclusive growing green economy
Peace, justice & strong institutions	Building Capable and Developmental State	KPA 4 Municipal Financial Viability and Management	Strengthening the developmental state and good Governance	5. Business excellence within the WRDM	To ensure financially viable and sustainable municipality
Peace, justice & strong institutions	Building Capable and Developmental State	KPA 5 Good Governance and Public Participation	Strengthening the developmental state and good Governance	4. Sustainable Governance for Local Communities	To provide a democratic, clean and accountable for sustainable local communities

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2019/20 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 24 MBRR Table SA4 – Reconciliation between the IDP strategic objectives and budgeted revenue:

Strategic Objective	Goal	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
KPA 1 Municipal Transformation and Organisational Development	Develop business excellence through a learning organisation	6,875	5,100	1,657	1,657	1,657	25,641	27,817	30,867
KPA 2 :Infrastructure Development and Service Delivery	To ensure the provision of basic services to build sustainable and safe communities	1,067,609	1,072,919	1,191,567	1,154,369	1,154,369	1,702,844	1,660,766	1,775,041
KPA 3 LED	To promote and accelerate an inclusive growing green economy	15,369	15,801	16,232	84,693	84,693	15,929	13,745	14,624
KPA 4 Municipal Financial Viability and Management	To ensure financially viable and sustainable municipality	323,180	491,549	690,090	707,127	448,369	386,202	409,194	435,519
KPA 5 Good Governance and Public Participation	To provide a democratic, clean and accountable government for sustainable local communities	38,174	33,904	19,212	26,465	285,223	35,473	37,730	40,240
KPA 6 Spatial Analysis	To promote integrated sustainable development planning for the future	122,987	132,309	155,223	150,518	150,518	115,819	118,131	125,174

Allocations to other priorities									
Total Revenue (excluding capital transfers and contributions)		1,574,194	1,751,581	2,073,982	2,124,829	2,124,829	2,281,907	2,267,382	2,421,466

Table 25 MBRR Table SA5 – Reconciliation between the IDP strategic objectives and budgeted operating expenditure:

Strategic Objective	Goal	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
KPA 1 Municipal Transformation and Organisational Development	Develop business excellence through a learning organisation	107,809	101,917	107,809	107,809	474,525	504,891	537,204
KPA 2 :Infrastructure Development and Service Delivery	To ensure the provision of basic services to build sustainable and safe communities	1,362,764	1,190,366	1,359,346	1,359,146	1,285,086	1,367,332	1,454,841
KPA 3 LED	To promote and accelerate an inclusive growing green economy	22,265	66,124	22,265	22,265	26,692	28,401	30,218
KPA 4 Municipal Financial Viability and Management	To ensure financially viable and sustainable municipality	117,636	118,803	117,636	117,636	200,513	213,346	227,000
KPA 5 Good Governance and Public Participation	To provide a democratic, clean and accountable government for sustainable local communities	91,800	88,799	91,800	91,800	90,528	96,322	102,486
KPA 6 Spatial Analysis	To promote integrated sustainable development planning for the future	238,750	202,310	238,750	238,951	16,098	17,128	18,224
Allocations to other priorities								
Total Expenditure		1,941,024	1,768,318	1,937,606	1,937,607	2,093,442	2,227,418	2,369,973

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with

legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the City has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

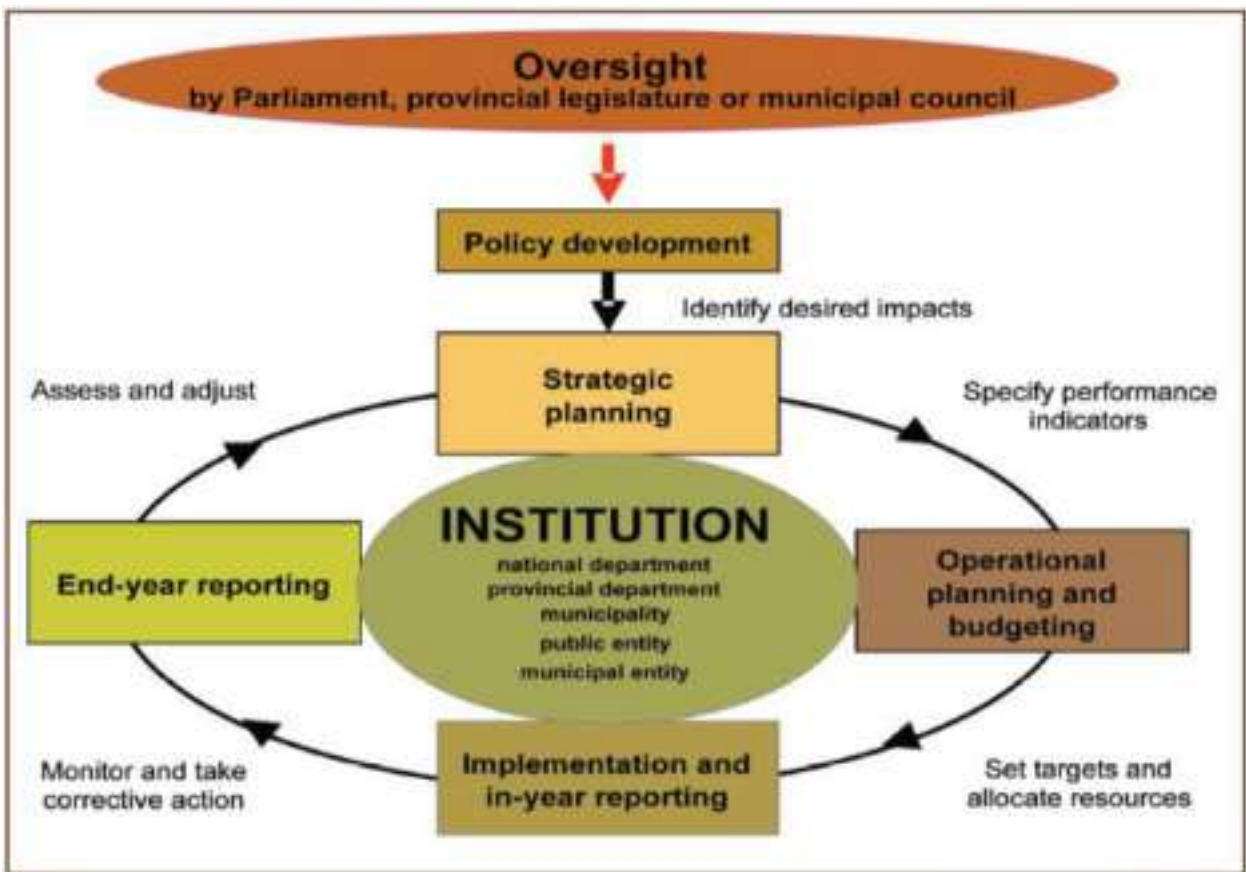


Figure 4 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

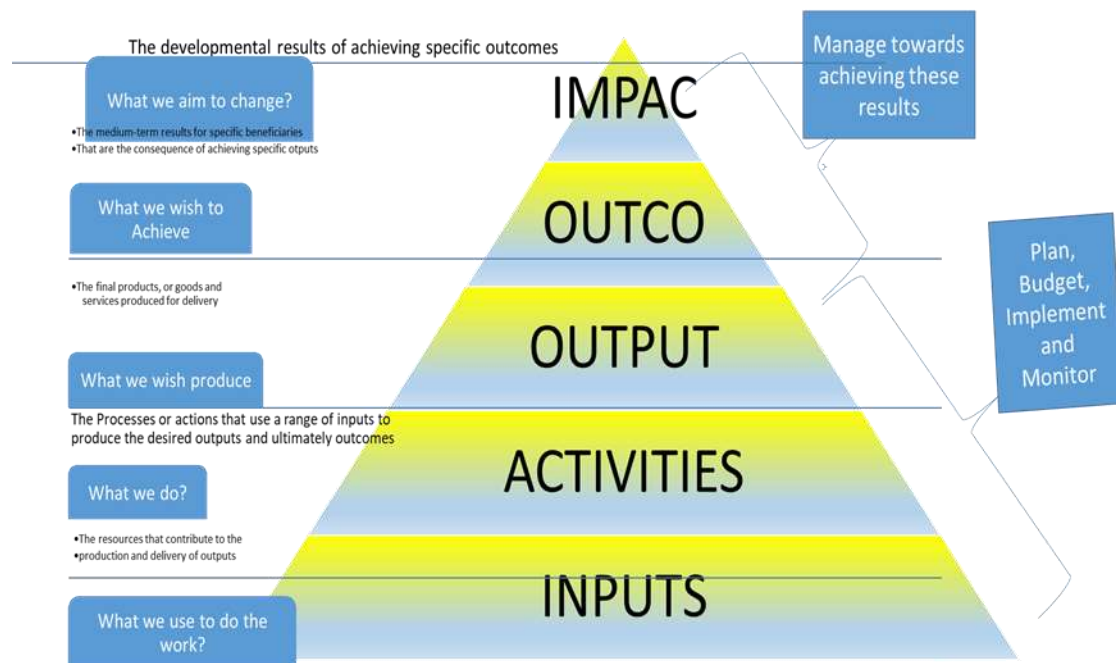


Table 26 MBRR Table SA7 – Measurable performance objectives:

GT485 Rand West City - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Vote 1 - Municipal Management Office										
Function 1 - (name)										
Sub-function 1 - (name)										
Conduct initiatives to ensure accountable Municipal Administration within the Rand West City Local Municipality (RWCLM)	Percentage		100%	100%	100%	100%	100%	100%	100%	100%
Basic Service Delivery	Percentage		100%	100%	100%	100%	100%	100%	100%	100%
Skilled, Capacitated , Competent and Motivated Workforce	Percentage		100%	100%	100%	100%	100%	100%	100%	100%
Ethical Administration and Good Governance	Percentage		100%	100%	100%	100%	100%	100%	100%	100%
To ensure safer communities within Rand West City	Number		6	6	6	6	6	6	6	6
Co-ordinate the capacity for ECDC in RWCLM	Number		2	2	2	2	2	2	2	2
Co-ordinate the training for ECDC practitioners	Number		8	8	8	8	8	8	8	8
Ensure healthy communities in the RWCLM	Number		3	3	3	3	3	3	3	3
Compilation of RWCLM Land Use Scheme	Number		1	1	1	1	1	1	1	1
Ensure Healthy and united social cohesive communities	Percentage		100%	100%	100%	100%	100%	100%	100%	100%
Creating conducive environment for unemployment reduction	Percentage		100%	100%	100%	100%	100%	100%	100%	100%
Economic Development	Percentage		100%	100%	100%	100%	100%	100%	100%	100%
Financial Administration	Number		4	4	4	4	4	4	4	4
Institutional Planning and Transformation	Percentage		80%	80%	80%	80%	80%	80%	80%	80%
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 2 - Infrastructure Service										
Function 1 - Electricity and Energy Services										

Effective maintenance of Electricity Infrastructure	Percentage		100%	100%	100%	100%	100%	100%	100%	100%
Development of Electricity Master Plan	Number		1	1	1	1	1	1	1	1
Function 2 - Infrastructure Planning and Programme Management Unit										
Planning and Implementation of Infrastructure projects	Percentage									
Function 3 - Office of the EM										
Function 4 - Roads and Stormwater										
Conducting Road Repair and Maintenance Activities	Percentage		100%	100%	100%	100%	100%	100%	100%	100%
Function 5 - Sanitation and Purification Works										
Implementation of planned Sanitation Activities	Percentage		70%	70%	70%	70%	70%	70%	70%	70%
Function 6 - Water										
Planning and Provision of Water Infrastructure	Percentage		100%	100%	100%	100%	100%	100%	100%	100%
Compliance to Water Quality Standards	Number		4	4	4	4	4	4	4	4
Measurement of Water Distribution Losses	Number		4	4	4	4	4	4	4	4
Development of Draft Water and Sanitation Master Plan	Number		1	1	1	1	1	1	1	1
Vote 3 -Community Services										
Function 1 - Parks & Cemeteries	1195848461									
Function 2 - Environmental Management										
Monitor Compliance	Number		4	4	4	4	4	4	4	4
Review of air quality plan	Number		1	1	1	1	1	1	1	1
Climate change adaptation and mitigation initiatives	Number		1	1	1	1	1	1	1	1
Compliance to Environmental Planning	Number		1	1	1	1	1	1	1	1
Ensure quality waste management	Number		2	2	2	2	2	2	2	2
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 3 - Law Enforcement										
Sub-function 1 - Public Safety										

Ensure effective traffic management	Number		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Function 4 - Libraries & Library Grant										
<i>Implementation of library programmes</i>	Number		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
<i>Provision of the required library infrastructure</i>	Number		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Capacitating Libraries	Number		14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
<i>Insert measure/s description</i>										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2019/20 MTREF

Table 27 MBRR Table SA8 – Performance indicators and benchmarks:

GT485 Rand West City - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	4.7%	3.9%	0.6%	1.6%	1.6%	1.5%	4.4%	10.5%	3.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	6.7%	6.2%	0.7%	2.0%	2.0%	1.9%	5.5%	14.3%	5.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	-414.7%	0.0%	0.0%	0.0%	0.0%	0.0%	97.4%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	139.9%	0.0%	0.0%	0.0%	0.0%	0.0%	8187.0%	8187.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	–	0.5	0.3	0.9	0.7	0.7	0.7	0.7	0.7	0.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	0.5	0.3	0.9	0.7	0.7	0.7	0.7	0.7	0.6
Liquidity Ratio	Monetary Assets/Current Liabilities	–	0.2	0.1	0.3	0.1	0.1	0.1	0.3	0.3	0.2
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	84.8%	91.7%	90.3%	82.8%	82.8%	54.4%	90.9%	99.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	84.7%	91.8%	90.2%	82.7%	82.7%	54.4%	88.0%	96.2%	96.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	16.1%	12.4%	17.9%	18.6%	18.6%	18.6%	13.8%	14.5%	14.7%

Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	439.5%	1592.0%	339.9%	243.3%	243.3%	329.2%	224.8%	237.4%	231.9%
Other Indicators											
	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)		60,965	108,586			26,187	26,187	26,187	26,187	26,187
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated		70,720	99,423	70,720	70,720	33,778	33,778	33,778	33,778	33,778
							110,886	110,886	110,886	110,886	110,886
	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)		6,855	8,475	51,854	51,854	5,750	5,750	5,750	5,750	5,750
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated		51,854	74,331			42,998	42,998	42,998	42,998	42,998
							16,480	16,480	16,480	16,480	16,480
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	31.4%	34.3%	29.8%	27.6%	27.6%	27.6%	27.2%	29.2%	29.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	37.2%	31.7%	29.9%	1.1%	27.7%		28.7%	30.8%	30.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	5.2%	4.7%	5.7%	5.4%	5.4%		3.3%	3.5%	3.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	21.5%	16.9%	10.6%	11.0%	11.0%	11.0%	13.5%	14.5%	14.5%
IDP regulation financial viability indicators	-										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	56.5	42.3	50.0	50.0	50.0	19.0	7.5	20.9	22.3

ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	21.7%	17.0%	23.4%	23.7%	23.7%	23.7%	17.6%	18.8%	19.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	1.2	0.3	1.0	1.2	1.2	0.9	1.3	1.3	1.3

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Rand West City's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2019/20 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

The City's debt profile provides some interesting insights on the City's future borrowing capacity.

Firstly, the use of amortizing loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term. The City has raised mainly amortizing loans over the past five years, hence effectively 'front-loading' its debt service costs.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the City to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

2.3.1.2 *Safety of Capital*

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 *Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilise cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

2.3.1.4 *Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.5 *Creditors Management*

- While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation.

2.3.1.6 *Other Indicators*

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the City's strategy to ensure the management of its asset base.

2.3.2 **Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. With the exception of water, only registered indigents qualify for the free basic services.

For the 2019/20, financial year 13 000 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl fee water, 50 kwh of electricity, free sanitation and free waste removal equivalent to 85l once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 22 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are not taken into account in the table noted above.

2.4 Overview of budget related-policies

The Rand West City Local Municipality had to develop a set of comprehensive budget-related policies to ensure an effective policy framework is established to govern the financial management affairs of the newly established municipality.

Several policy workshops were held with officials and councilors to discuss the financial management policies and to receive inputs and comments.

The following budget-related policies are attached to this report and therefore submitted to Council for consideration and approval:

- Bad Debt Write Off policy
- Borrowing Policy
- Budget Policy
- Capital Planning project policy
- Cash and Investments Policy
- Contract Management Policy
- Credit Control and Debt Collection Policy
- Fixed Asset Management Policy
- Funding and Reserves Policy
- Indigent Support Policy
- Inventory Policy
- Insurance Policy
- Irregular, Unauthorized, Fruitless and Wasteful Expenditure Policy
- Long Term Financial Planning Policy
- Property Rates Policy
- Supply Chain Management Policy
- Tariff Policy
- Unclaimed deposit policy
- Virement Policy

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the global and national economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2019/20 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 26 per cent of total operating expenditure in the 2019/20 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions must be noted.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilized to fund capital or refinancing of borrowing in certain conditions. The municipality engages in a number of financing arrangements to minimize its interest rate costs and risk. However, for simplicity the 2019/20 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortization-style loans requiring both regular principal and interest payments. As part of the compilation of the 2019/20 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase by CPI plus 1 over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (90 per cent) of annual billings. Cash flow is assumed to be 90 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.6 Salary increases

The salaries/wages discussion is still under discussion. Provision is made of 7% in the 2018/19 financial year.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focused service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2018/19 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook : operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

REVENUE BY MAIN SOURCES					
R' thousands '000	ORIGINAL BUDGET 2018/19	ADJUSTMENT BUDGET 2018/19	FINAL BUDGET 2019/20	BUDGET YEAR +1 2020/21	BUDGET YEAR +2 2020/22
Property Rates	234,508	224,396	288,520	306,984	326,632
Service Charges - Electricity Revenue	671,564	819,464	836,897	747,883	795,747
Service Charges - Water Revenue	321,344	304,651	331,351	352,505	375,009
Service Charges - Sanitation Revenue	55,973	53,851	55,273	58,810	62,574
Service Charges - Refuse Revenue	61,648	64,783	64,177	68,285	72,655
Rental of Facilities and Equipment	2,841	1,841	2,222	2,364	2,516
Interest Earned - External Investments	3,398	3,398	2,473	2,632	2,800
Interest Earned - Outstanding Debtors	26,077	26,077	37,886	40,311	42,891
Dividends Received	53	53	53	56	60
Fines	18,599	12,599	12,599	13,405	14,263
Licences and Permits	91	91	106	113	120
Agency Services	30,181	30,181	18,599	19,790	21,056
Transfers Recognised - Operational	307,469	307,469	344,610	363,217	397,351
Other Revenue	34,641	28,780	29,797	31,647	33,673
Total revenue excluding capital transfers and contributions	1,768,388	1,877,635	2,024,564	2,008,002	2,147,346

2.6.2 Funding compliance measurement

National Treasury requires that the Municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial positions and cash flows. The funding compliances measures table essentially measure the degree to which the proposed budget complies with the funding requirement of the MFMA. Each of the measures is discussed below:

Table 29 MBRR SA 10 – Funding compliance measurement**GT485 Rand West City Supporting Table SA10 Funding measurement**

Description	MFMA section	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Funding measures</u>	-								
Cash/cash equivalents at the year end - R'000	18(1)b	43,051	118,096	164,947	164,947	121,920	189,991	191,377	208,488
Cash + investments at the yr end less applications - R'000	18(1)b	(453,228)	39,721	(75,586)	(75,586)	(155,910)	600	5,916	18,212
Cash year end/monthly employee/supplier payments	18(1)b	0.3	1.0	1.2	1.2	0.9	1.3	1.3	1.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(189,443)	305,665	187,223	187,223	187,223	188,465	39,964	51,493
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	14.5%	5.9%	7.9%	7.9%	7.9%	7.7%	8.5%	8.5%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	137.4%	137.4%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	97.4%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a						0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	(10.4%)	64.2%	10.5%	0.0%	0.0%	(20.4%)	4.1%	9.0%
Long term receivables % change - incr(decr)	18(1)a	(16.8%)	36.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	1.9%	2.4%	2.4%	2.4%	1.6%	1.5%	1.6%	1.6%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.2.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

2.6.2.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 20. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.2.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as service delivery protests. This measure will have to be carefully monitored going forward.

2.6.2.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.2.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.2.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.2.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.6.2.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

2.6.2.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

2.6.2.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

2.6.2.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

2.6.2.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria cause a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.2.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorize each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarize and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 30 MBRR SA19 – Expenditure on transfers and grants programmes:

GT485 Rand West City - Supporting Table SA19 Expenditure on transfers and grant programme								
Description	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:								
<u>Operating expenditure of Transfers and Grants</u>								
National Government:	189,191	250,111	284,685	284,685	284,685	314,620	339,517	371,921
Finance Management	2,950	3,100	3,170	3,170	3,170	2,428	2,000	2,264
Local Government Equitable Share	178,750	239,112	274,916	274,916	274,916	303,723	331,754	363,365
EPWP Incentive	3,509	3,673	2,135	2,135	2,135	3,011	–	–
Municipal Infrastructure Grant	3,983	4,226	4,464	4,464	4,464	4,558	4,818	5,192
Municipal Systems Improvement			–	–	–	900	945	1,100
Provincial Government:	25,976	31,250	23,160	23,460	23,460	25,717	23,700	25,430
Libraries Plan Grant	11,227	19,250	3,000	3,000	3,000	6,400	7,000	7,500
Department of Co-operative Governance - GRAP 17	1,000	1,000	1,000	1,000	1,000	1,000	–	–
Department of Co-operative Governance - PMS	2,000	–	1,000	1,000	1,000	–	–	730
Sport and Recreation	11,749	11,000	17,160	17,460	17,460	18,317	16,700	17,200
EPWP			1,000	1,000	1,000	–	–	–
District Municipality:	2,296	2,228	2,296	2,296	2,296	2,351	–	–
<i>HIV/Aids District Grant</i>	2,296	2,228	2,296	2,296	2,296	2,351	–	–
Other grant providers:	1,810	1,725	1,649	1,649	1,649	1,850	–	–
<i>SDL Subsidy</i>	1,810	1,725	1,649	1,649	1,649	1,850	–	–
Total operating expenditure of Transfers and Grants:	219,273	285,314	311,790	312,090	312,090	344,538	363,217	397,351
<u>Capital expenditure of Transfers and Grants</u>								
National Government:	128,882	130,453	155,811	155,811	155,811	182,160	184,197	194,900
Water Services Operating Subsidy	30,000	35,000	55,000	55,000	55,000	64,891	68,460	70,000
Energy Efficiency and Demand Management	–	–	6,000	6,000	6,000	5,000	5,000	6,000
Municipal Infrastructure Grant	76,093	83,453	84,811	84,811	84,811	86,597	91,537	98,644
						72	–	–
INEP	22,789	12,000	10,000	10,000	10,000	25,600	19,200	20,256

Provincial Government:	83,505	57,220	146,783	88,400	88,400	75,183	75,183	79,219
Human Settlement Development Grant	83,505	57,220	146,783	88,400	88,400	73,383	73,383	77,419
Sport and Recreation						1,800	1,800	1,800
Total capital expenditure of Transfers and Grants	212,387	187,673	302,594	244,211	244,211	257,343	259,380	274,119
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	431,660	472,987	614,384	556,301	556,301	601,881	622,597	671,470

Table 31 MBRR SA20 - Reconciliation between transfers, grants receipts and unspent funds:

GT485 Rand West City - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Operating transfers and grants:							
National Government:							
Current year receipts	250,111	284,685	284,685	284,685	314,692	339,517	371,921
Conditions met - transferred to revenue	250,111	284,685	284,685	284,685	314,692	339,517	371,921
Provincial Government:							
Balance unspent at beginning of the year	–	–	–	–	–	–	–
Current year receipts	31,250	23,160	23,460	23,460	25,717	23,700	25,430
Conditions met - transferred to revenue	31,250	23,160	23,460	23,460	25,717	23,700	25,430
District Municipality:							
Balance unspent at beginning of the year	–	–	–	–	–	–	–
Current year receipts	2,228	2,296	2,296	2,296	2,351	–	–
Conditions met - transferred to revenue	2,228	2,296	2,296	2,296	2,351	–	–
Other grant providers:							
Balance unspent at beginning of the year	–	–	–	–	–	–	–
Current year receipts	1,725	1,649	1,649	1,649	1,850	–	–
Conditions met - transferred to revenue	1,725	1,649	1,649	1,649	1,850	–	–
Total operating transfers and grants revenue	285,314	311,789	312,089	312,089	344,610	363,217	397,351
National Government:							
Balance unspent at beginning of the year	–	–	–	–	–	–	–
Current year receipts	130,453	155,811	155,811	155,811	182,160	184,197	194,900
Conditions met - transferred to revenue	130,453	155,811	155,811	155,811	182,160	184,197	194,900
Provincial Government:							

Balance unspent at beginning of the year	–	–	–	–	–	–	–
Current year receipts	57,220	146,783	88,400	88,400	75,183	75,183	79,219
Conditions met - transferred to revenue	57,220	146,783	88,400	88,400	75,183	75,183	79,219
Total capital transfers and grants revenue	187,673	302,594	244,211	244,211	257,343	259,380	274,119
Total capital transfers and grants - CTBM	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE	472,987	614,384	556,301	556,301	601,953	622,597	671,470
TOTAL TRANSFERS AND GRANTS - CTBM	–	–	–	–	–	–	–

Table 32 MBRR SA22 – Summary of Councillors and staff benefits

Summary of Employee and Councillor remuneration	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>							
Basic Salaries and Wages	17,470	20,861	20,861	20,861	20,660	21,680	22,750
Motor Vehicle Allowance	5,822	5,785	5,785	5,785	6,220	6,619	7,042
Cellphone Allowance	3,064	1,560	1,560	1,560	3,273	3,483	3,705
Sub Total - Councillors	26,355	28,207	28,207	28,207	30,153	31,781	33,497
% increase	23.3%	7.0%	–	–	6.9%	5.4%	5.4%
<u>Senior Managers of the Municipality</u>							
Basic Salaries and Wages	7,055	7,549		7,549	12,218	13,000	13,832
Pension and UIF Contributions	–				–	–	–
Medical Aid Contributions	–				–	–	–
Overtime	–				–	–	–
Performance Bonus	1,783	1,908		1,908	–	–	–
Motor Vehicle Allowance	1,405				–	–	–
Cellphone Allowance	33	33		33	144	153	163
Housing Allowances					–	–	–
Other benefits and allowances					–	–	–
Payments in lieu of leave					–	–	–
Long service awards					–	–	–
Post-retirement benefit obligations					–	–	–

Sub Total - Senior Managers of Municipality	10,276	9,490	–	9,490	12,362	13,153	13,995
% increase	52.7%	(7.7%)	(100.0%)	–	30.3%	6.4%	6.4%
<u>Other Municipal Staff</u>							
Basic Salaries and Wages	309,756	330,173		330,173	331,202	352,399	374,952
Pension and UIF Contributions	52,271	57,026		57,026	69,703	74,164	78,911
Medical Aid Contributions	32,447	33,304		33,304	53,754	57,194	60,855
Overtime	10,751	11,503		11,503	14,303	15,218	16,192
Performance Bonus	6,827	8,827	(8,000)	827	27,618	29,386	31,266
Motor Vehicle Allowance	12,809	13,506		13,506	19,133	20,357	21,660
Cellphone Allowance	2,315	2,593		2,593	1,152	1,226	1,304
Housing Allowances	4,748	4,964		4,964	10,165	10,816	11,508
Other benefits and allowances	4,657	4,928		4,928	8,249	8,777	9,338
Payments in lieu of leave	3,213	3,437		3,437	1,855	1,974	2,100
Long service awards	19,263	20,687		20,687	1,145	1,218	1,296
Post-retirement benefit obligations					–	–	–
Sub Total - Other Municipal Staff	459,056	490,948	(8,000)	482,948	538,278	572,728	609,383
% increase	(2.1%)	6.9%	(101.6%)	(6,136.8%)	11.5%	6.4%	6.4%
Total Parent Municipality	495,688	528,644	20,207	520,644	580,793	617,662	656,875
	(0.3%)	6.6%	(96.2%)	2,476.6%	11.6%	6.3%	6.3%
% increase	(0.3%)	6.6%	(96.2%)	2,476.6%	11.6%	6.3%	6.3%
TOTAL MANAGERS AND STAFF	469,333	500,438	(8,000)	492,438	550,640	585,881	623,377

Table 33 MBRR SA23-Salaries, allowances and benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Rand per annum							
<u>Councillors</u>							
Speaker		535,596		203,090			738,686
Chief Whip		506,879		186,141			693,021
Executive Mayor		675,825		245,205			921,030
Deputy Executive Mayor		–		–			–
Executive Committee		4,737,190		1,861,518			6,598,707
Total for all other councillors		14,204,038		6,997,542			21,201,580
Total Councillors	–	20,659,528	–	9,493,497			30,153,025
<u>Senior Managers of the Municipality</u>							
Municipal Manager (MM)		1,817,473		18,000			1,835,473
Chief Finance Officer		1,485,781		18,000			1,503,781
Chief Operations Officer		1,485,781		18,000			1,503,781
Executive Manager Infrastructure		1,485,781		18,000			1,503,781
Executive Manager Community Services		1,485,781		18,000			1,503,781
Executive Manager Development Planning		1,485,781		18,000			1,503,781
<i>List of each official with packages >= senior manager</i>							
Executive Manager Corporate Services		1,485,781		18,000			1,503,781
Chief of staff		1,485,781		18,000			1,503,781
Total Senior Managers of the Municipality	–	12,217,937	–	144,000	–		12,361,937
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	–	32,877,465	–	9,637,497	–		42,514,962

Table 34 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers		Current Year 2018/19			Budget Year 2019/20		
Number		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities							
Councillors (Political Office Bearers plus Other Councillors)		76	2	74	166	91	75
Board Members of municipal entities		–	–	–	–	–	–
Municipal employees							
Municipal Manager and Senior Managers		7		7	8	–	8
Other Managers		31	8	23	53	52	1
Professionals		27	25	2	825	816	9
<i>Finance</i>		5	5		141	132	9
<i>Spatial/town planning</i>					39	39	–
<i>Information Technology</i>					–	–	–
<i>Roads</i>					72	72	–
<i>Electricity</i>					67	67	–
<i>Water</i>					48	48	–
<i>Sanitation</i>					45	45	–
<i>Refuse</i>					176	176	–
<i>Other</i>		22	20	2	237	237	–
Technicians		74	73	1	42	42	–
<i>Finance</i>		–	–	–			
<i>Spatial/town planning</i>		15	14	1			
<i>Information Technology</i>		4	4		16	16	–
<i>Roads</i>		7	7		14	14	–
<i>Electricity</i>		23	23		12	12	–
<i>Water</i>		8	8		–	–	–
<i>Sanitation</i>		11	11		–	–	–
<i>Refuse</i>					–	–	–
<i>Other</i>		6	6		–	–	–
Clerks (Clerical and administrative)		194	170	24	–	–	–
Service and sales workers		–	–	–	–	–	–

Skilled agricultural and fishery workers	–	–	–	–	–	–
Craft and related trades	–	–	–	–	–	–
Plant and Machine Operators	94	94		21	21	–
Elementary Occupations	524	394		542	426	116
TOTAL PERSONNEL NUMBERS	1,027	766	131	1,657	1,448	209
% increase	(23.2%)	(38.7%)	48.9%	61.3%	89.0%	59.5%

2.9 Monthly targets for revenue, expenditure and cash flow

Table 35 MBRR SA25 – Budgeted monthly revenue and expenditure:

GT485 Rand West City - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Revenue By Source</u>															
Property rates	53,430	21,372	21,372	21,372	21,372	21,372	21,372	21,372	21,372	21,372	21,372	21,371	288,520	306,984	326,632
Service charges - electricity revenue	98,404	101,299	57,885	57,885	57,885	54,991	54,991	64,789	65,121	72,356	94,063	57,229	836,897	747,883	795,747
Service charges - water revenue	21,531	21,531	26,914	40,526	40,526	47,905	24,761	21,531	21,531	21,531	21,531	21,531	331,351	352,505	375,009
Service charges - sanitation revenue	4,606	4,606	4,606	4,606	4,606	4,606	4,606	4,606	4,606	4,606	4,606	4,606	55,273	58,810	62,574
Service charges - refuse revenue	5,348	5,348	5,348	5,348	5,348	5,348	5,348	5,348	5,348	5,348	5,348	5,348	64,177	68,285	72,655
Rental of facilities and equipment	185	185	185	185	185	185	185	185	185	185	185	185	2,222	2,364	2,516
Interest earned - external investments	206	206	206	206	206	206	206	206	206	206	206	206	2,473	2,632	2,800
Interest earned - outstanding debtors	3,157	3,157	3,157	3,157	3,157	3,157	3,157	3,157	3,157	3,157	3,157	3,157	37,886	40,311	42,891
Dividends received	–	–	–	–	–	–	–	–	–	–	–	53	53	56	60
Fines, penalties and forfeits	682	682	682	682	682	682	682	682	682	682	682	5,100	12,599	13,405	14,263
Licences and permits	9	9	9	9	9	9	9	9	9	9	9	9	106	113	120
Agency services	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	18,599	19,790	21,056
Transfers and subsidies	190,000	1,500	–	–	–	90,000	–	–	63,110	–	–	–	344,610	363,217	397,351
Other revenue	2,435	2,435	2,435	2,435	2,435	2,435	2,435	2,435	2,435	2,435	2,435	3,016	29,797	31,647	33,673
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Total Revenue (excluding capital transfers and contributions)	381,543	163,879	124,349	137,961	137,961	232,445	119,301	125,870	189,311	133,437	155,144	123,362	2,024,564	2,008,002	2,147,346
Expenditure By Type															
Employee related costs	45,887	45,887	45,887	45,887	45,887	45,887	45,887	45,887	45,887	45,887	45,887	45,887	550,640	585,881	623,377
Remuneration of councillors	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	4,342	30,153	32,083	34,136
Debt impairment	10,160	10,160	10,160	10,160	10,160	10,160	10,160	10,160	10,160	10,160	10,160	10,160	121,918	129,721	138,023
Depreciation & asset impairment	19,311	19,311	19,311	19,311	19,311	19,311	19,311	19,311	19,311	19,311	19,311	19,311	231,732	246,563	262,343
Finance charges	4,644	4,644	2,946	2,946	3,007	2,702	2,702	3,007	3,252	3,252	4,644	4,676	42,423	45,138	48,027
Bulk purchases	92,409	92,409	58,622	58,622	59,838	53,759	53,759	59,838	64,702	64,702	92,409	97,974	849,043	903,381	961,198
Other materials	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services	13,590	13,590	13,590	13,590	13,590	13,590	13,590	13,590	13,590	13,590	13,590	13,590	163,082	173,516	184,621
Transfers and subsidies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	8,851	8,851	8,851	8,851	8,851	8,851	8,851	8,851	8,851	8,851	8,851	7,087	104,451	111,136	118,249
Loss on disposal of PPE												–	–	–	–
Total Expenditure	197,198	197,198	161,714	161,714	162,991	156,606	156,606	162,991	168,099	168,099	197,198	203,027	2,093,442	2,227,418	2,369,973
Surplus/(Deficit)	184,345	(33,319)	(37,365)	(23,753)	(25,030)	75,839	(37,305)	(37,121)	21,212	(34,662)	(42,055)	(79,664)	(68,878)	(219,416)	(222,626)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	3,423	17,798	12,322	26,697	22,590	4,107	2,054	16,429	16,429	16,429	16,429	102,637	257,343	259,380	274,119
Transfers and subsidies - capital (in-kind - all)												–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	187,768	(15,521)	(25,044)	2,944	(2,440)	79,947	(35,251)	(20,692)	37,641	(18,233)	(25,626)	22,972	188,465	39,964	51,493
Surplus/(Deficit)	187,768	(15,521)	(25,044)	2,944	(2,440)	79,947	(35,251)	(20,692)	37,641	(18,233)	(25,626)	22,972	188,465	39,964	51,493

Table 35 MBRR SA26 – Budgeted monthly revenue and expenditure (municipal vote):

GT485 Rand West City - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote															
Vote 1 - Municipal Management Office												–	–	–	–
Vote 2 - Infrastructure Services	141,904	141,904	141,904	141,904	141,904	141,904	141,904	141,904	141,904	141,904	141,904	141,904	1,702,844	1,660,766	1,775,041
Vote 3 - COMMUNITY SERVICES	9,802	9,802	9,802	9,802	9,802	9,802	9,802	9,802	9,802	9,802	9,802	8,002	115,819	118,131	125,174
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING	1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	15,929	13,745	14,624
Vote 5 - GOVERNANCE & TRANSFORMATION SUPPORT SERVICES	1,351	1,351	1,351	1,351	1,351	1,351	1,351	1,351	1,351	1,351	1,351	1,241	16,098	17,115	18,305
Vote 6 - FINANCIAL MANAGEMENT SERVICES	32,183	32,183	32,183	32,183	32,183	32,183	32,183	32,183	32,183	32,183	32,183	32,183	386,202	409,194	435,519
Vote 7 - CORPORATE SUPPORT SERVICES	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	25,641	27,817	30,867
SA27												–	–	–	–
Vote 9 - INTERNAL AUDITING	605	605	605	605	605	605	605	605	605	605	605	605	7,262	7,727	8,221
Vote 10 - POLITICAL OFFICE & IGR	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	12,113	12,889	13,713
Total Revenue by Vote	190,318	190,318	190,318	190,318	190,318	190,318	190,318	190,318	190,318	190,318	190,318	188,408	2,281,907	2,267,382	2,421,466
Expenditure by Vote to be appropriated															

Vote 1 - Municipal Management Office	718	718	718	718	718	718	718	718	718	718	718	718	8,622	9,174	9,761
Vote 2 - Infrastructure Services	107,091	107,091	107,091	107,091	107,091	107,091	107,091	107,091	107,091	107,091	107,091	107,091	1,285,086	1,367,332	1,454,841
Vote 3 - COMMUNITY SERVICES	25,927	25,927	25,927	25,927	25,927	25,927	25,927	25,927	25,927	25,927	25,927	8,471	293,672	312,463	332,460
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	3,496	26,692	28,401	30,218
Vote 5 - GOVERNANCE & TRANSFORMATION SUPPORT SERVICES	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	2,166	16,098	17,128	18,224
Vote 6 - FINANCIAL MANAGEMENT SERVICES	16,709	16,709	16,709	16,709	16,709	16,709	16,709	16,709	16,709	16,709	16,709	16,709	200,513	213,346	227,000
Vote 7 - CORPORATE SUPPORT SERVICES	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,479	136,459	145,193	154,485
SA27	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,495	28,510	30,335	32,276
Vote 9 - INTERNAL AUDITING	605	605	605	605	605	605	605	605	605	605	605	605	7,262	7,727	8,221
Vote 10 - POLITICAL OFFICE & IGR	7,252	7,252	7,252	7,252	7,252	7,252	7,252	7,252	7,252	7,252	7,252	10,752	90,528	96,322	102,486
Total Expenditure by Vote	175,405	175,405	175,405	175,405	175,405	175,405	175,405	175,405	175,405	175,405	175,405	163,983	2,093,442	2,227,418	2,369,973
Surplus/(Deficit) before assoc.	14,913	14,913	14,913	14,913	14,913	14,913	14,913	14,913	14,913	14,913	14,913	24,425	188,465	39,964	51,493
Surplus/(Deficit)	14,913	14,913	14,913	14,913	14,913	14,913	14,913	14,913	14,913	14,913	14,913	24,425	188,465	39,964	51,493

Table 37 MBRR SA27 – Budgeted monthly revenue and expenditure (standard classification):

GT485 Rand West City - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional Governance and administration	37,218	37,218	37,218	37,218	37,218	37,218	37,218	37,218	37,218	37,218	37,218	37,218	446,621	474,002	505,839
Executive and council	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	12,113	12,889	13,713
Finance and administration	35,604	35,604	35,604	35,604	35,604	35,604	35,604	35,604	35,604	35,604	35,604	35,604	427,246	453,386	483,904
Internal audit	605	605	605	605	605	605	605	605	605	605	605	605	7,262	7,727	8,221
Community and public safety	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	56,680	55,208	58,224
Community and social services	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	26,563	25,664	26,790
Sport and recreation	94	94	94	94	94	94	94	94	94	94	94	94	1,134	1,206	1,284
Public safety	1,610	1,610	1,610	1,610	1,610	1,610	1,610	1,610	1,610	1,610	1,610	1,610	19,322	20,559	21,875
Housing	609	609	609	609	609	609	609	609	609	609	609	609	7,310	7,778	8,276
Health	196	196	196	196	196	196	196	196	196	196	196	196	2,351	–	–
Economic and environmental services	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588	271,055	270,625	286,061
Planning and development	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588	271,055	270,625	286,061
Road transport	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services	125,629	125,629	125,629	125,629	125,629	125,629	125,629	125,629	125,629	125,629	125,629	125,629	1,507,551	1,467,548	1,571,342
Energy sources	78,550	78,550	78,550	78,550	78,550	78,550	78,550	78,550	78,550	78,550	78,550	78,550	942,603	863,349	925,097
Water management	28,620	28,620	28,620	28,620	28,620	28,620	28,620	28,620	28,620	28,620	28,620	28,620	343,445	365,753	389,519
Waste water management	12,908	12,908	12,908	12,908	12,908	12,908	12,908	12,908	12,908	12,908	12,908	12,908	154,895	167,574	181,319

Waste management	5,551	5,551	5,551	5,551	5,551	5,551	5,551	5,551	5,551	5,551	5,551	5,551	66,609	70,871	75,407
<i>Other</i>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	2,281,907	2,267,382	2,421,466
Expenditure - Functional															
<i>Governance and administration</i>	43,188	43,188	43,188	43,188	43,188	43,188	43,188	43,188	43,188	43,188	43,188	49,476	524,547	558,118	593,838
Executive and council Finance and administration	7,971	7,971	7,971	7,971	7,971	7,971	7,971	7,971	7,971	7,971	7,971	11,470	99,150	105,495	112,247
Internal audit	34,612	34,612	34,612	34,612	34,612	34,612	34,612	34,612	34,612	34,612	34,612	37,401	418,136	444,896	473,370
<i>Community and public safety</i>	605	605	605	605	605	605	605	605	605	605	605	605	7,262	7,727	8,221
Community and social services	14,141	14,141	14,141	14,141	14,141	14,141	14,141	14,141	14,141	14,141	14,141	9,463	165,015	175,572	186,808
Sport and recreation	4,418	4,418	4,418	4,418	4,418	4,418	4,418	4,418	4,418	4,418	4,418	3,770	52,367	55,718	59,284
Public safety	4,558	4,558	4,558	4,558	4,558	4,558	4,558	4,558	4,558	4,558	4,558	3,346	53,482	56,901	60,542
Housing	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	1,350	47,207	50,228	53,442
Health	244	244	244	244	244	244	244	244	244	244	244	244	2,932	3,119	3,319
<i>Economic and environmental services</i>	752	752	752	752	752	752	752	752	752	752	752	752	9,028	9,606	10,220
Planning and development	9,540	9,540	9,540	9,540	9,540	9,540	9,540	9,540	9,540	9,540	9,540	11,025	115,970	123,392	131,289
Road transport	2,072	2,072	2,072	2,072	2,072	2,072	2,072	2,072	2,072	2,072	2,072	3,556	26,343	28,029	29,822
Environmental protection	7,411	7,411	7,411	7,411	7,411	7,411	7,411	7,411	7,411	7,411	7,411	7,411	88,928	94,620	100,675
	58	58	58	58	58	58	58	58	58	58	58	58	699	744	791
<i>Trading services</i>	105,384	105,384	105,384	105,384	105,384	105,384	105,384	105,384	105,384	105,384	105,384	107,332	1,266,552	1,347,611	1,433,858
Energy sources	65,622	65,622	65,622	65,622	65,622	65,622	65,622	65,622	65,622	65,622	65,622	65,622	787,460	837,858	891,481
Water management	29,267	29,267	29,267	29,267	29,267	29,267	29,267	29,267	29,267	29,267	29,267	29,267	351,208	373,685	397,601
Waste water management	4,392	4,392	4,392	4,392	4,392	4,392	4,392	4,392	4,392	4,392	4,392	6,341	54,657	58,155	61,877
Waste management	6,102	6,102	6,102	6,102	6,102	6,102	6,102	6,102	6,102	6,102	6,102	6,102	73,226	77,912	82,899
<i>Other</i>	1,780	1,780	1,780	1,780	1,780	1,780	1,780	1,780	1,780	1,780	1,780	1,780	21,358	22,725	24,180
Total Expenditure - Functional	174,033	174,033	174,033	174,033	174,033	174,033	174,033	174,033	174,033	174,033	174,033	179,076	2,093,442	2,227,418	2,369,973

Surplus/(Deficit) before assoc.	16,126	16,126	16,126	16,126	16,126	16,126	16,126	16,126	16,126	16,126	16,126	11,083	188,465	39,964	51,493
Surplus/(Deficit)	16,126	16,126	16,126	16,126	16,126	16,126	16,126	16,126	16,126	16,126	16,126	11,083	188,465	39,964	51,493

Table 38 MBRR SA28 – Budgeted monthly capital expenditure (municipal vote)**GT485 Rand West City - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)**

Description R thousand	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Multi-year expenditure to be appropriated															
Vote 1 - Municipal Management Office	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Infrastructure Services	25,549	25,549	25,549	25,549	25,549	25,549	25,549	25,549	25,549	25,549	25,549	26,749	307,791	179,197	184,400
Vote 3 - COMMUNITY SERVICES	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING	4,000	4,000	6,000	6,000	7,000	7,000	5,000	5,000	5,000	8,000	8,000	8,383	73,383	73,383	77,419
Capital multi-year expenditure sub-total	29,549	29,549	31,549	31,549	32,549	32,549	30,549	30,549	30,549	33,549	33,549	35,132	381,174	252,580	261,819
Single-year expenditure to be appropriated															
Vote 1 - Municipal Management Office												–	–	–	–
Vote 2 - Infrastructure Services	925	925	925	925	925	925	925	925	925	925	925	925	11,097	5,000	9,000
Vote 3 - COMMUNITY SERVICES	100	110	180	120	120	230	120	150	120	210	140	200	1,800	1,800	3,300
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - GOVERNANCE & TRANSFORMATION SUPPORT SERVICES	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - FINANCIAL MANAGEMENT SERVICES	72	–	–	–	–	–	–	–	–	–	–	–	72	–	–
Vote 7 - CORPORATE SUPPORT SERVICES	250	250	250	250	250	250	250	250	250	250	250	250	3,000	–	–
Vote 8 - CHIEF INFORMATION OFFICER	–	–	150	–	–	300	–	–	250	–	–	–	700	–	–

Capital single-year expenditure sub-total	1,347	1,285	1,505	1,295	1,295	1,705	1,295	1,325	1,545	1,385	1,315	1,375	16,669	6,800	12,300
Total Capital Expenditure	30,896	30,834	33,054	32,844	33,844	34,254	31,844	31,874	32,094	34,934	34,864	36,507	397,843	259,380	274,119

2.10 Annual budgets and SDBIPs – internal departments

To be completed when the 2017/18 SDBIP is submitted to the Executive Mayor for approval in terms of the MFMA.

2.11 Contracts having future budgetary implications

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget and Treasury Office (BTO).

2.12 Capital expenditure details

The following tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets

Table 39 MBRR SA29 – Budgeted Monthly capital expenditure (standard classification):**GT485 Rand West City - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)**

Description R thousand	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Capital Expenditure - Functional</u>															
<i>Governance and administration</i>	72	-	-	-	-	-	-	-	-	-	-	-	72	-	-
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration	72	-	-	-	-	-	-	-	-	-	-	-	72	-	-
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	-	300	400	-	-	700	-	300	400	300	-	600	3,000	8,800	18,800
Community and social services	-	-	400	-	-	400	-	-	400	-	-	600	1,800	1,800	1,800
Sport and recreation	-	300	-	-	-	300	-	300	-	300	-	-	1,200	7,000	17,000
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	5,000	5,000	9,000	10,000	12,000	9,000	6,300	5,000	5,000	5,000	5,000	-	76,300	64,037	54,144
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport	5,000	5,000	9,000	10,000	12,000	9,000	6,300	5,000	5,000	5,000	5,000	-	76,300	64,037	54,144
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	12,000	17,000	21,500	16,500	25,500	21,500	19,500	24,000	37,000	38,000	43,000	39,271	314,771	186,543	201,175
Energy sources	7,000	7,000	9,000	9,500	10,000	14,000	7,000	17,000	20,000	20,000	25,000	23,900	169,400	24,200	29,256
Water management	5,000	5,000	6,500	7,000	7,500	7,500	5,500	7,000	7,000	8,000	8,000	4,762	78,762	84,733	90,309
Waste water management	-	5,000	6,000	-	8,000	-	7,000	-	10,000	10,000	10,000	10,610	66,610	77,610	81,610
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

<i>Other</i>	308	308	308	308	308	308	308	308	308	308	308	308	3,700	–	–
Total Capital Expenditure - Functional	17,380	22,608	31,208	26,808	37,808	31,508	26,108	29,608	42,708	43,608	48,308	40,180	397,843	259,380	274,119
Funded by:															
National Government	36,000	–	–	–	–	50,072	–	–	96,088	–	–	–	182,160	184,197	194,900
Provincial Government	22,000	–	–	–	–	36,000	–	–	17,183	–	–	–	75,183	75,183	79,219
District Municipality	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	58,000	–	–	–	–	86,072	–	–	113,271	–	–	–	257,343	259,380	274,119
Borrowing	11,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400	136,800	–	–
Internally generated funds	308	308	308	308	308	308	308	308	308	308	308	308	3,700	–	–
Total Capital Funding	69,708	11,708	11,708	11,708	11,708	97,780	11,708	11,708	124,980	11,708	11,708	11,708	397,843	259,380	274,119

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed a number of interns undergoing training in various divisions of the Financial Services Department.
1. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
2. Audit Committee
An Audit Committee has been established and is fully functional.
3. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/18 MTREF in May 2018 directly aligned and informed by the 2017/18 MTREF.
4. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
5. MFMA Training
The MFMA training module in electronic format is presented and training is ongoing.
6. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March

2.14 OTHER Supporting documents

Table 40 MBRR Table SA30 – Budgeted Monthly Cash Flow:

GT485 Rand West City - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source													1		
Property rates	47,018	18,807	18,807	18,807	18,807	18,807	18,807	18,807	18,807	18,807	18,807	18,807	253,898	270,147	287,436
Service charges - electricity revenue	86,596	89,143	50,939	50,939	50,939	48,392	48,392	57,014	57,306	63,673	82,775	50,362	736,470	783,604	833,754
Service charges - water revenue	18,947	18,947	23,684	35,663	35,663	42,156	21,790	18,947	18,947	18,947	18,947	18,947	291,589	310,251	330,107
Service charges - sanitation revenue	4,053	4,053	4,053	4,053	4,053	4,053	4,053	4,053	4,053	4,053	4,053	4,054	48,640	51,753	55,065
Service charges - refuse revenue	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	56,476	60,091	63,936
Rental of facilities and equipment	185	185	185	185	185	185	185	185	185	185	185	185	2,222	2,364	2,516
Interest earned - external investments	206	206	206	206	206	206	206	206	206	206	206	206	2,473	2,632	2,800
Interest earned - outstanding debtors	2,526	2,526	2,526	2,526	2,526	2,526	2,526	2,526	2,526	2,526	2,526	2,526	30,309	32,249	34,313
Dividends received												53	53	56	60
Fines, penalties and forfeits	68	68	–	68	68	68	68	68	68	68	68	578	1,260	1,341	1,426
Licences and permits	9	9	9	9	9	9	9	9	9	9	9	9	106	113	120
Agency services	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	18,599	19,790	21,056
Transfer receipts - operational	124,799	5,126	10,895	1,046	–	99,840	697	2,810	89,772	–	–	9,626	344,610	366,665	390,131
Other revenue	2,435	2,435	2,435	2,435	2,435	2,435	2,435	2,435	2,435	2,435	2,435	3,016	29,797	31,704	33,733

Cash Receipts by Source	293,099	147,762	119,995	122,193	121,148	224,933	105,424	113,318	200,571	117,166	136,268	114,624	1,816,501	1,932,757	2,056,454
Other Cash Flows by Source															
Transfer receipts - capital	36,000	–	–	–	–	50,000	–	–	96,088	–	–	75,255	257,343	320,997	194,900
Borrowing long term/refinancing Decrease (Increase) in non-current debtors				136,800								– 45,000	136,800 45,000	47,880	50,944
Total Cash Receipts by Source	329,099	147,762	119,995	258,993	121,148	274,933	105,424	113,318	296,659	117,166	136,268	234,879	2,255,644	2,301,635	2,302,298
Cash Payments by Type															
Employee related costs	45,887	45,887	45,887	45,887	45,887	45,887	45,887	45,887	45,887	45,887	45,887	45,887	550,640	585,881	623,377
Remuneration of councillors	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	4,342	30,153	32,083	34,136
Finance charges	4,644	4,644	2,946	2,946	3,007	2,702	2,702	3,007	3,252	3,252	4,644	4,676	42,423	45,138	48,027
Bulk purchases - Electricity	92,409	92,409	58,622	58,622	59,838	53,759	53,759	59,838	64,702	64,702	92,409	97,974	849,043	903,381	961,198
Contracted services	13,590	13,590	13,590	13,590	13,590	13,590	13,590	13,590	13,590	13,590	13,590	13,590	163,082	173,516	184,621
Other expenditure	8,851	8,851	8,851	8,851	8,851	8,851	8,851	8,851	8,851	8,851	8,851	7,087	104,451	111,136	118,249
Cash Payments by Type	167,728	167,728	132,243	132,243	133,520	127,135	127,135	133,520	138,628	138,628	167,728	173,556	1,739,792	1,851,134	1,969,607
Other Cash Flows/Payments by Type															
Capital assets	3,423	17,798	12,322	26,697	22,590	4,107	2,054	16,429	16,429	16,429	16,429	243,137	397,843	259,380	274,119
Repayment of borrowing	4,162	4,162	4,162	4,162	4,162	4,162	4,162	4,162	4,162	4,162	4,162	4,162	49,938	189,734	41,461
Other Cash Flows/Payments												–			
Total Cash Payments by Type	175,312	189,687	148,726	163,102	160,272	135,404	133,350	154,111	159,219	159,219	188,318	420,854	2,187,573	2,300,249	2,285,187
NET INCREASE/(DECREASE) IN CASH HELD	153,787	(41,925)	(28,731)	95,892	(39,124)	139,529	(27,926)	(40,793)	137,440	(42,052)	(52,050)	(185,975)	68,072	1,386	17,111

Cash/cash equivalents at the month/year begin:	121,920	275,707	233,781	205,050	300,942	261,818	401,347	373,421	332,628	470,068	428,016	375,966	121,920	189,991	191,377
Cash/cash equivalents at the month/year end:	275,707	233,781	205,050	300,942	261,818	401,347	373,421	332,628	470,068	428,016	375,966	189,991	189,991	191,377	208,488

Table 41 MBRR Table SA34a – Capital Expenditure on new Assets by class:

Description R thousand	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>								
-								
<u>Infrastructure</u>	149,859	158,354	264,904	194,727	194,727	320,162	184,471	185,210
Roads Infrastructure	25,066	25,760	46,902	42,363	42,363	37,000	40,537	31,644
<i>Roads</i>	25,066	25,760	46,902	42,363	42,363	37,000	40,537	31,644
Electrical Infrastructure	33,583	22,344	73,000	47,383	47,383	164,400	19,200	23,256
<i>Power Plants</i>								
<i>HV Substations</i>	2,000	9,000	10,000	10,000	10,000	25,600	19,200	20,256
<i>LV Networks</i>	31,583	13,344	63,000	37,383	37,383	138,800	–	3,000
Water Supply Infrastructure	82,214	106,748	145,002	104,981	104,981	78,762	84,733	90,309
<i>Reservoirs</i>	–	49,292						
<i>Water Treatment Works</i>		7,568						
<i>Distribution</i>	82,214	49,888	145,002	104,981	104,981	78,762	84,733	90,309
Sanitation Infrastructure	8,997	–	–	–	–	40,000	40,000	40,000
<i>Reticulation</i>	8,997	–				40,000	40,000	40,000

Solid Waste Infrastructure	–	3,502	–	–	–	–	–	–
<i>Landfill Sites</i>		3,502						
<u>Community Assets</u>	26,327	15,552	3,000	3,000	3,000	3,000	8,800	9,800
Community Facilities	12,078	3,784	3,000	3,000	3,000	1,800	1,800	1,800
<i>Crèches</i>	1,113							
<i>Libraries</i>	5,845	2,979	3,000	3,000	3,000	1,800	1,800	1,800
<i>Cemeteries/Crematoria</i>		804						
<i>Stalls</i>	5,119							
Sport and Recreation Facilities	14,250	11,769	–	–	–	1,200	7,000	8,000
<i>Outdoor Facilities</i>	14,250	11,769	–	–	–	1,200	7,000	8,000
<u>Investment properties</u>	–	–	–	–	–	–	–	–
<u>Other assets</u>	1,235	11,950	8,771	1,771	1,771	–	–	–
Operational Buildings	–	10,253	771	771	771	–	–	–
<i>Municipal Offices</i>		10,253						
<i>Pay/Enquiry Points</i>			771	771	771	–	–	–
Housing	1,235	1,697	8,000	1,000	1,000	–	–	–
<i>Staff Housing</i>								
<i>Social Housing</i>	1,235	1,697	8,000	1,000	1,000			
<i>Capital Spares</i>								
<u>Computer Equipment</u>	–	666	700	700	700	772	–	–
Computer Equipment		666	700	700	700	772	–	–
<u>Furniture and Office Equipment</u>	1,159	–	100	100	100	–	–	–
Furniture and Office Equipment	1,159		100	100	100	–	–	–
<u>Transport Assets</u>	–	–	–	–	–	3,000	–	–

Transport Assets						3,000	–	–
<u>Land</u>	4,760	–	–	–	–	–	–	–
Land	4,760							
Total Capital Expenditure on new assets	183,340	186,522	277,475	200,298	200,298	326,934	193,271	195,010

Table 42 MBRR Table SA34b – Capital Expenditure on the renewal of existing assets by asset class:

Description	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>								
-								
<u>Infrastructure</u>	43,011	21,745	25,857	15,163	15,163	44,300	26,500	28,500
Roads Infrastructure	43,011	21,496	23,483	13,790	13,790	39,300	15,500	14,500
<i>Roads</i>	43,011	21,496	23,483	13,790	13,790	39,300	15,500	14,500
Electrical Infrastructure	-	-	-	-	-	5,000	5,000	6,000
<i>MV Networks</i>						5,000	5,000	6,000
Sanitation Infrastructure	-	249	2,374	1,374	1,374	-	6,000	8,000
<i>Pump Station</i>								
<i>Reticulation</i>		249	2,374	1,374	1,374	-	6,000	8,000
<u>Community Assets</u>	5,504	1,486	-	-	-	-	-	-
Community Facilities	5,504	1,486	-	-	-	-	-	-
<i>Libraries</i>	934	1,486						
<i>Cemeteries/Crematoria</i>	2,070	-						
<i>Police</i>								
<i>Parks</i>	2,500							
Total Capital Expenditure on renewal of existing assets	48,515	23,231	25,857	15,163	15,163	44,300	26,500	28,500
<i>Renewal of Existing Assets as % of total capex</i>	20.9%	9.9%	8.0%	6.4%	6.4%	11.1%	10.2%	10.4%
<i>Renewal of Existing Assets as % of deprecn"</i>	24.7%	13.5%	14.5%	8.5%	8.5%	19.1%	10.7%	10.9%

Table 43 MBRR Table SA34c – Repairs and Maintenance Expenditure by Assets Class:

Description	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>								
-								
Infrastructure	59,392	63,567	81,283	88,005	88,005	61,561	65,501	69,693
Roads Infrastructure	5,060	7,099	30,563	49,589	49,589	20,439	21,747	23,139
<i>Roads</i>	5,060	7,099	30,279	49,396	49,396	20,003	21,284	22,646
<i>Road Furniture</i>			284	193	193	436	464	493
Storm water Infrastructure	5,060	7,198	-	-	-	-	-	-
<i>Storm water Conveyance</i>	5,060	7,198						
Electrical Infrastructure	20,486	20,486	20,486	14,050	14,050	28,922	30,773	32,743
<i>Capital Spares</i>	20,486	20,486	20,486	14,050	14,050	28,922	30,773	32,743
Water Supply Infrastructure	9,785	9,785	9,785	8,086	8,086	2,173	2,312	2,460
<i>Water Treatment Works</i>						93	99	105
<i>Distribution</i>						2,080	2,213	2,355
<i>Capital Spares</i>	9,785	9,785	9,785	8,086	8,086			
Sanitation Infrastructure	2,500	2,500	2,956	2,368	2,368	3,053	3,249	3,457
<i>Pump Station</i>								
<i>Reticulation</i>	2,500	2,500	2,956	2,368	2,368	3,053	3,249	3,457
Solid Waste Infrastructure	16,500	16,500	17,494	13,911	13,911	6,974	7,420	7,895
<i>Landfill Sites</i>	16,500	16,500	17,438	13,911	13,911	6,974	7,420	7,895

<i>Capital Spares</i>			56	–	–	–	–	–
Rail Infrastructure	–	–	–	–	–	–	–	–
<u>Community Assets</u>	3,500	3,000	9,373	6,208	6,208	4,165	4,427	4,710
Community Facilities	2,500	2,000	8,350	5,396	5,396	3,151	3,353	3,568
<i>Libraries</i>	500		600	497	497	497	528	562
<i>Cemeteries/Crematoria</i>	1,000	1,000	1,060	877	877	632	673	716
<i>Police</i>								
<i>Parks</i>	1,000	1,000	1,830	–	–	2,022	2,152	2,290
<i>Public Open Space</i>			4,860	4,022	4,022			
Sport and Recreation Facilities	1,000	1,000	1,023	812	812	1,013	1,074	1,143
<i>Indoor Facilities</i>								
<i>Outdoor Facilities</i>	1,000	1,000	1,023	812	812	1,013	1,074	1,143
<i>Capital Spares</i>	1	1	1	1	1	1	1	1
<u>Heritage assets</u>	–	–	–	–	–	–	–	–
<u>Other assets</u>	2,000	2,000	2,629	2,207	2,207	525	559	595
Operational Buildings	2,000	2,000	2,629	2,207	2,207	525	559	595
<i>Municipal Offices</i>	2,000	2,000	2,629	2,207	2,207	525	559	595
<u>Biological or Cultivated Assets</u>	–	–	167	–	–	–	–	–
Biological or Cultivated Assets			167					
<u>Computer Equipment</u>	–	–	–	–	–	406	432	459
Computer Equipment						406	432	459
<u>Machinery and Equipment</u>	2,000	2,000	3,679	2,489	2,489	–	–	–
Machinery and Equipment	2,000	2,000	3,679	2,489	2,489			

Transport Assets	3,000	3,000	4,469	2,284	2,284	312	332	354
Transport Assets	3,000	3,000	4,469	2,284	2,284	312	332	354
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals								
Total Repairs and Maintenance Expenditure	69,892	73,567	101,601	101,194	101,194	66,969	71,251	75,812
R&M as a % of PPE	1.9%	1.9%	2.4%	2.4%	2.4%	1.6%	1.6%	1.7%
R&M as % Operating Expenditure	4.5%	3.8%	5.7%	5.2%	5.2%	3.5%	3.4%	3.4%

Table 44 MBRR SA35 - Future Financial Implications of the Capital Budget:

GT485 Rand West City - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure			
Vote 1 - Municipal Management Office	–	–	–
Vote 2 - Infrastructure Services	318,888	184,197	193,400
Vote 3 - COMMUNITY SERVICES	1,800	1,800	3,300
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING	73,383	73,383	77,419
Vote 5 - GOVERNANCE & TRANSFORMATION SUPPORT SERVICES	–	–	–
Vote 6 - FINANCIAL MANAGEMENT SERVICES	72	–	–
Vote 7 - CORPORATE SUPPORT SERVICES	3,000	–	–
Vote 8 - CHIEF INFORMATION OFFICER	700	–	–
Total Capital Expenditure	397,843	259,380	274,119
Total future revenue	–	–	–
Net Financial Implications	397,843	259,380	274,119

Table 45 MBRR SA36 - Detailed Capital Budget per Municipal Vote

R thousand	Function	Project Description	Asset Class	Asset Sub-Class	2019/20 Medium Term Revenue & Expenditure Framework	
					Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality: <i>List all capital projects grouped by Function</i>						
Infrastructure Services	Rehabilitation of Sewer Networks in Mohlakeng and Toekomsrus	Sanitation Infrastructure	Reticulation	6,000	8,000	
Infrastructure Services	Rehabilitation of Roads in Simunye Phase 1	Roads Infrastructure	Roads	1,500	8,000	
Infrastructure Services	Rehabilitation of roads in Zuurbekom(Phase3)	Roads Infrastructure	Roads	9,000	6,500	
Infrastructure Services	Construction of Old Mohlakeng Roads Ext 7 Phase 2	Roads Infrastructure	Roads	6,000	–	
Infrastructure Services	Rehabilitation of Roads in Mohlakeng Phase 5B	Roads Infrastructure	Roads	5,000	–	
Infrastructure Services	Construction of Old Mohlakeng Roads in Ext11 Phase 4	Roads Infrastructure	Roads	10,000	7,000	
Infrastructure Services	Construction of roads at mohlakeng (Ext 3 and 4) Phase 2	Roads Infrastructure	Roads	6,000	–	
Infrastructure Services	Rehabilitation of road in Finsbury	Roads Infrastructure	Roads	–	–	
Infrastructure Services	Upgrading of storm water in Mohlakeng and Toekomsrus	Roads Infrastructure	Road Structures	8,000	8,000	
Infrastructure Services	Rehabilitation of roads in Mohlakeng and Toekomsrus Phase 5B	Roads Infrastructure	Roads	–	–	
Infrastructure Services	Access road to Westonaria cemetery	Roads Infrastructure	Roads	9,537	–	
Infrastructure Services	Construction of Combi Courts,Soccer fields and Ablution Facilities at Borwa	Sport and Recreation Facilities	Outdoor Facilities	–	1,500	
Infrastructure Services	Upgrading of Toekomsrus stadium	Sport and Recreation Facilities	Outdoor Facilities	–	9,000	
Infrastructure Services	Electrification of Zenzele informal Settlement	Electrical Infrastructure	LV Networks	–	–	

Infrastructure Services	Installation of high mast lights in Greater Randwest	Electrical Infrastructure	MV Networks	–	3,000
Infrastructure Services	Construction of Roads and Stormwater in Badirile Phase 3	Roads Infrastructure	Roads	6,000	6,500
Infrastructure Services	Construction of Roads in Montrose Phase 1	Roads Infrastructure	Roads	1,500	9,000
Infrastructure Services	Construction of Roads in Westonaria Borwa Phase 1	Roads Infrastructure	Roads	1,500	9,144
Infrastructure Services	Construction of Simunye Internal Roads (Phase8B)	Roads Infrastructure	Roads	–	
Infrastructure Services	Zuurbekom Multi Purpose Sport & Recreation Community Centre (Soccer Field)	Sport and Recreation Facilities	Outdoor Facilities	7,000	6,500
Infrastructure Services	Hills Haven Outfall Sewer Upgrade	Sanitation Infrastructure	Reticulation	6,500	8,500
Infrastructure Services	Construction of Glenharvie Alternate Pump Supply pipeline	Water Supply Infrastructure	Distribution	8,000	8,000
Infrastructure Services	Provision of Water reticulation,Water meters and standpipes at Bekkersdal Informal Settlement	Water Supply Infrastructure	Distribution	28,917	28,917
Infrastructure Services	Provision of Water reticulation,Water meters,standpipes and mini reservoir at Thusanang Informal Settlement	Water Supply Infrastructure	Distribution	14,433	15,973
Infrastructure Services	Upgrading of Randfontein Wastewater Treatment Plant	Sanitation Infrastructure	Water Treatment Works	25,110	25,110
Infrastructure Services	Supply and Installation of Prepaid Water Meters in Randwest	Water Supply Infrastructure	Distribution	–	
Infrastructure Services	Borwa substation	Electrical Infrastructure	HV Substations	9,600	9,600
Infrastructure Services	Borwa substation:reticulation & service connections	Electrical Infrastructure	HV Substations	9,600	10,656
Infrastructure Services	Refurbishment of Mohlakeng Highmast Lights	Electrical Infrastructure	MV Networks	5,000	6,000
Development Planning	Construction of 20ML Droogheuwel Water Reservoir&2ML Elevated Tower	Water Supply Infrastructure	Distribution	33,383	37,419
Development Planning	Provision of Bulk Infrastructure Housing Sewer Line:Westonaria Borwa	Sanitation Infrastructure	Reticulation	10,000	10,000
Development Planning	Provision of Bulk Infrastructure Housing Sewer Line:Westonaria Mega	Sanitation Infrastructure	Reticulation	10,000	10,000
Development Planning	Provision of Bulk Infrastructure Housing Sewer Line:Afri-Village	Sanitation Infrastructure	Reticulation	10,000	10,000
Development Planning	Provision of Bulk Infrastructure Housing Sewer Line:Montrose	Sanitation Infrastructure	Reticulation	10,000	10,000
Chief Information Officer	I.T Equipment	Computer Equipment	Unspecified	–	–
Chief Financial Officer	I.T Equipment	Computer Equipment	Unspecified	–	–
Community Services	Furniture&Equipment	Furniture and Office Equipment	Libraries	100	100
Community Services	ICT Equipment	Computer Equipment	Libraries	200	200
Community Services	Procurement of Library Books	Sport and Recreation Facilities	Libraries	1,000	1,000

Community Services	Furniture&Equipment for Dual Purpose Libraries	<i>Sport and Recreation Facilities</i>	<i>Libraries</i>	500	500
Corporate Services	Procurement Of Vehicles	<i>Transport Assets</i>	<i>Unspecified</i>	–	–
Parent Capital expenditure				259,380	274,119

Table 46: Province: Municipality (GT 485) – Schedule of Service Delivery Standard Table

Description Standard	Service Level
Solid Waste Removal	
Premise based removal (Residential Frequency)	Weekly
Premise based removal (Business Frequency)	Weekly
Bulk Removal (Frequency)	Weekly
Removal Bags provided (Yes/No)	Yes (in areas without bins)
Garden refuse removal Included (Yes/No)	Yes (as part of domestic waste)
Street cleaning Frequency in CBD	Daily
How soon are public areas cleaned after events (24 hours/48 hours/ longer)	24 Hours
Clearing of illegal dumping (24 hours/48 hours/ longer)	Longer
Recycling environmentally friendly practices (Yes/No)	Yes (recycling)
Licenced landfill site (Yes/No)	Yes, operating with temporary permit
Water services	
Water quality rating (Blue/Green/Brown/No drop)	Blue drop 97%, Greendrop 68%
Is free water available to all? (All/only to the indigent consumers)	Only indigent consumers
Frequency of meter reading? (per month, per year)	Monthly
Are estimated consumption calculated on actual consumption over (two months/three months/longer period)	Three months
On average for how long does the Municipality use estimates before reverting back to actual readings? (months)	Three months
<i>Duration (hours) before availability of water is restored in cases of services interruption (complete the sub questions)</i>	
One service connection affected (number of hours)	3 – 6 hours
Up to 5 service connection affected (number of hours)	6 – 9 hours
Up to 20 service connection affected (number of hours)	6 – 9 hours
Feeder pipe larger than 800mm (number of hours)	6 – 9 hours
What is the average minimum water flow in your Municipality?	25 MEGA LITERS PER DAY
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	No
How long does it take to replace faulty water meters/ (days)	ONE DAY
Do you have a cathodic protection system in lace that is operational at this stage? (Yes/No)	No
Electricity Services	

What is your electricity availability percentage on average per month?	100%
Do your Municipality have a ripple control in place that is operational? (Yes/No)	No
How much do you estimate is the cost saving in utilizing the ripple control system?	N/A
What is the frequency of meters being read? (per month, per year)	MONTHLY
Are estimated consumption calculated at consumption over (two months/ three months/ longer period)	TWO MONTHS
On average for how long does the Municipality use estimates before reverting back to actual reading? (months)	± 3 MONTHS
Duration before availability of electricity is restored in cases of breakages (immediately/ one day/ tow days/ longer)	IMMEDIATELY
Are accounts normally calculated on actual readings? (Yes/No)	YES
Do you practice any environmental or scarce resource protection activities as part of the operations? (Yes/No)	YES
How long does it take to replace faulty meters? (days)	24HRS
Do you have a plan to prevent illegal connection and prevention of electricity theft? (Yes/No)	YES
How effective is the action plan is curbing line losses? (Good/Bad)	AVERAGE
How soon does the Municipality provide a quotation to a customer upon a written request? (days)	7 DAYS
How long does the Municipality takes to provide electricity service where existing infrastructure can be used? (working days)	14 WORKING DAYS
How long does the Municipality takes to provide electricity service for low voltage users where network extension is not required?	7 WORKING DAYS
How long does the Municipality takes to provide electricity service for high voltage users where network extension is not required?	14 WORKING DAYS
Sewerage Services	
Are your purification system effective enough to put water back into the system after purification?	Yes
To what extend do you subsidize you indigent consumers?	6kl
How long does it take to restore sewerage breakages on average	
Severe overflow? (hours)	3 – 6 hours
Sewer blocked pipes: Large pipes? (hours)	3 – 6 hours
Sewer blocked pipes: Small pipes? (hours)	2 hours
Spillage clean-up? (hours)	4 – 8 hours dep on size
Replacement of manhole covers? (hours)	1 hour
Road infrastructure Services	

Time taken to repair a single pothole on a major road? (Hours)	Depending on the size of a pothole, can take ± 2 hours
Time taken to repair a single pothole on a minor road? (hours)	Depending on the size of the pothole, can take ± 1 hour
Time taken to repair a road following an open trench service crossing? (hours)	Depending on the size and he busy and safety of the road, ± 4 hours
Time taken to repair walkways? (hours)	Depending on the length and extend of the damaged, ± 60 min per m ²
Property valuations	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	(Municipal Manager) 5 months before implementation
Do you have any special rating properties? (Yes/No)	Yes (e.g Public Worship, Libraries etc)
Financial Management	
Is there any changes in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Decrease
Are there financial statement outsources? (Yes/No)	No
Are there Council adopted business process the flow and management of documentation feeding to Trial Balances?	Yes
How long does it take for a Tax/Invoice to be paid from the date it has been received	± 30 days
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	Yes
Administration	
Reaction time on enquiries and request	± 10 WORKING DAYS
Time to respond to a verbal customer enquiry or request? (working days)	± 5 WORKING DAYS
Time to respond to a written customer enquiry or request? (working days)	± 10 WORKING DAYS
Time to resolve a customer enquiry or request? (working days)	± 10 WORKING DAYS
How long does it take to respond to voice mails? (Yes/No)	N/A
Does the Municipality have control over locked enquiries? (Yes/No)	N/A
Is there a reduction in the number of complaints or not? (Yes/No)	No
How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)	1 DAY
How many times does SCM Unit, CFO's Unit and Technical unit sit to review delays other than normal monthly management meetings?	MONTHLY
Community safety and licencing services	
How long does it take to register a vehicle? (minutes)	20 MINUTES

How long does it take to renew a vehicle licence? (minutes)	10 MINUTES
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	25 MINUTES
How long does it take to de-register a vehicle? (minutes)	30 MINUTES
What is the average reaction time of the fire service to an indent? (minutes)	30 MINUTES
What is the average reaction time of the fire service to an incident? (minutes)	N/A
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	N/A
What is the average reaction time of the ambulance service to an incident in the rural area?	N/A
Economic development	
How many economic development projects does the municipality drive?	ONE (1)
How many economic development programme are deemed to be catalytic in creating environment to unlock key economic growth projects?	Development of the LED Plan
What percentage of the projects have created sustainable job security?	LESS THAN 5%
Does the Municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)	NO
Other Service delivery and communication	
Is an information package handed to the new customer? (Yes/No)	NO
Does the Municipality have training or information session to inform the community?	YES
Are customers treated in a professional and humanly manner? (Yes/No)	YES

2.15 Municipal Manger's quality certificate

I, T Goba, Municipal Manager of the Rand West City Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality

Print name: Themba Goba
Municipal Manager of Rand West City Local Municipality (GT 485)

Signature: _____

Date: _____